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Annual Report on the Activity of the Deposit Guarantee Fund in the Banking System in 2009

Fondul de Garantare a Depozitelor Bancare (FGDB)

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BANK DEPOSIT GUARANTEE FUND

ROMANIA

REPORT

**on the activity of the
Bank Deposit Guarantee Fund
in 2009**

Bank Deposit Guarantee Fund

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The Board of the Bank Deposit Guarantee Fund



Adrian Ioan Cosmescu
Chairman
Deputy Director, National Bank of Romania



Dumitru Laurențiu
Andrei
Deputy General
Director
Ministry of Public
Finance



Radu Grațian
Ghețea
President of the
Romanian Banking
Association



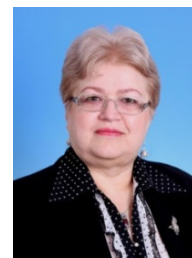
Radu Negrea
Secretary General
of the Romanian
Banking Association



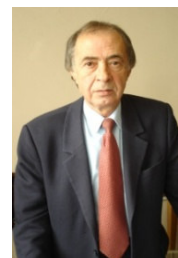
Cristian Păunescu
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Bank of Romania



Radu Constantin
Răgea
State Undersecretary
Ministry of Justice



Lucia Sanda
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Petrică Grama
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State Secretary,
Public Finance
Ministry
(January –
February 2009)



Vasile Bleotu
Economic Director



Eugen Dijmărescu
Director

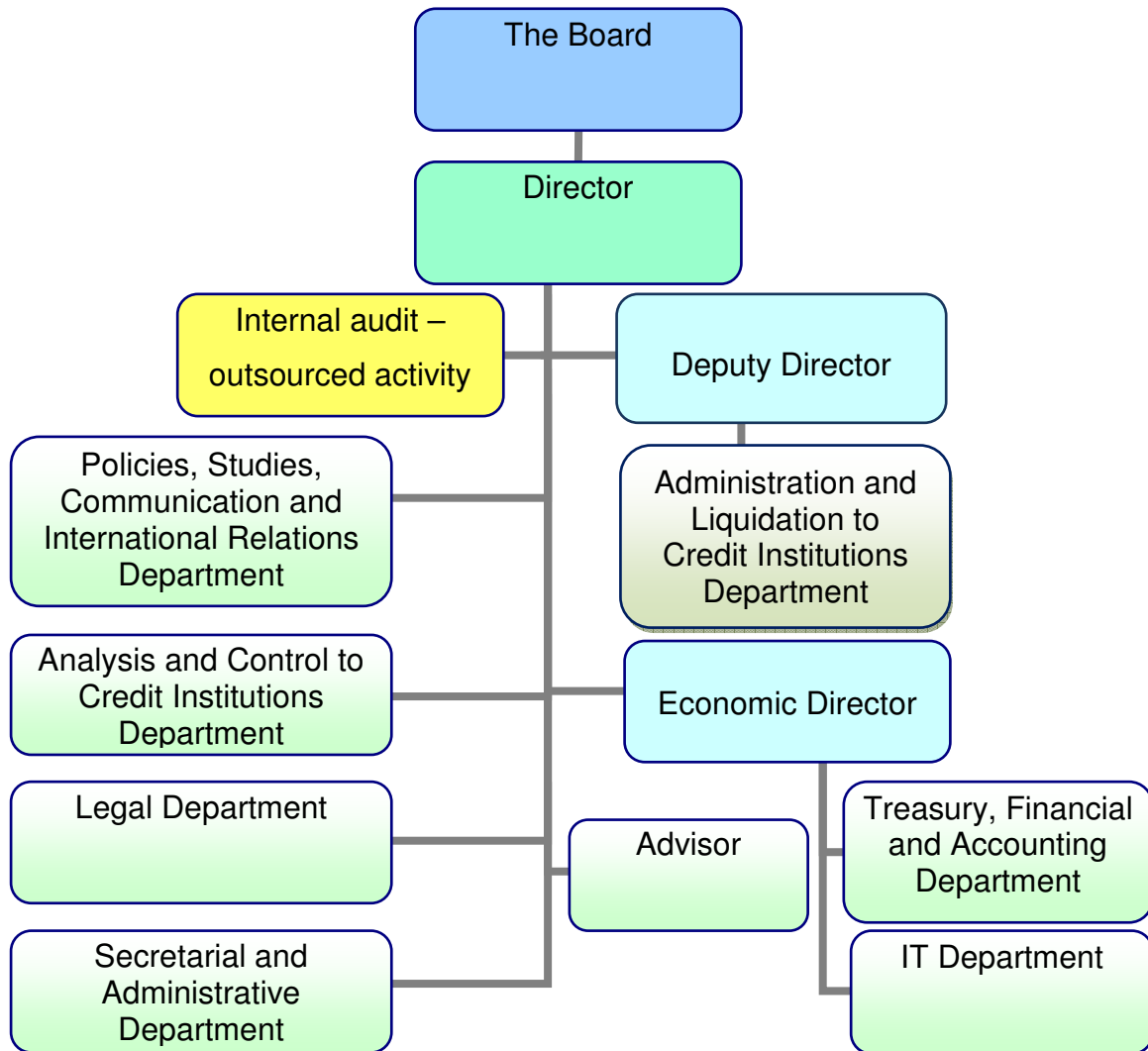


Alexandru Matei
Deputy Director



Niculae Vulpescu
Director
(January – September 2009)

Organization chart of the Bank Deposit Guarantee Fund as at December 31, 2009



CHAPTER I

CHANGES IN THE REGULATION FRAMEWORK OF THE DEPOSIT GUARANTEE SCHEME IN ROMANIA

During the past two years, the turmoil on international financial markets has generated an increased concern for the management of financial crises, especially within the EU. In this context, special attention was given to institutions responsible for ensuring financial stability, including deposit guarantee schemes.

The year 2009 brought essential changes for deposit guarantee schemes worldwide, especially those in the EU, in respect of the coverage level and payout delay in the event deposits with EU credit institutions become unavailable. In March, the European Parliament and the Council of the European Union adopted Directive 2009/14/EC, amending Directive 94/19/EC.

In Romania, the Bank Deposit Guarantee Fund (FGDB) aligned its operations with the provisions of the European directive. The measures adopted were transposed into the Government Emergency Ordinance no. 80/2009 amending and supplementing Government Ordinance no. 39/1996 on the establishment and functioning of the Bank Deposit Guarantee Fund.

The main amendments refer to:

1. Balancing guarantee ceilings for guaranteed deposits of natural and legal persons. Starting June 30, 2009, the guarantee ceiling equals the equivalent in lei of 50,000 euros for guaranteed deposits belonging to both natural and legal persons.

Increasing the guarantee ceiling for deposits belonging to legal persons resulted in a growth (as of June 30, 2009) in the total amount of potential compensations of legal persons by approx. 3.5 billion lei, representing a raise of over 46% compared to applying the former level. As for the total amount of potential compensations of both natural and legal persons, the relative increase as of the same date was above 4%.

2. Reducing the payout delay from 3 months to 20 working days from the date deposits become unavailable, in order to maintain the depositors' confidence in the financial system.

3. In exceptional situations, when the financial resources of FGDB are not sufficient to cover the payment of compensations, the Government will make the necessary funds available as a loan, within 15 working days from FGDB's request. This measure was

taken in order to reinforce FGDB's capacity to ensure payment of compensations within the set deadline.

4. Introduction of a new situation when FGDB intervenes by paying compensations, such as paying them when deposits with a member credit institution are declared unavailable based on the findings of the National Bank of Romania.

5. The obligation of credit institutions the deposits of which have become unavailable, or of the liquidator assigned by the Court, to send to FGDB on the day following the finding of the said situation, information on guaranteed depositors and deposits thereof, the credit institution's due claims towards these depositors, as well as any other information necessary to assess the amount of the compensation due to each guaranteed depositor and to draw up the list of compensations to be paid.

In order to ensure the implementation of these provisions and meet the set deadlines, FGDB member credit institutions have the obligation to operate adequate IT systems, that can permanently maintain exact and complete records comprising all information on guaranteed depositors and deposits thereof, the credit institution's due claims towards these depositors, as well as any other information necessary to assess the amount of the compensation due to each guaranteed depositor and to draw up the list of compensations to be paid.

6. The obligation of FGDB to perform regular tests in order to check the capacity of its own systems to ensure the collection of information necessary to the assessment of potential compensations to be paid and the verification and transmission of this information to the mandated credit institutions, in due time, according to the legal provisions.

7. Enhancing depositors' awareness on deposit guarantee both by member credit institutions and as well as FGDB.

For implementing several of these new legal provisions, FGDB issued the following regulations:

a. Regulation no. 3/2009 regarding the transmission of the list of guaranteed depositors to FGDB. This regulation sets the general framework for organizing the activity of transmission of information from credit institutions to the Fund.

b. Regulation no. 4/2009 regarding the participation to FGDB of Romanian branches of credit institutions licensed in other member states. This regulation sets the procedure whereby the branches in question can become participants in the Romanian deposit guarantee scheme, for the amounts representing the difference in the coverage level and/or guarantee scope as against those provided by the deposit guarantee scheme from the home country.

Taking into account the changes in the general legal framework regarding the insolvency, respectively GEO no. 173/2008 for the amendment and completion of Law no. 85/2006 regarding the insolvency proceedings, FGDB updated the existing regulations (Regulation no. 3/2007 regarding the operations of the Bank Deposit Guarantee Fund as liquidator, special and interim administrator and Regulation no. 2/2007 regarding the sale of assets of a credit institution in bankruptcy).

CHAPTER II

DEPOSITS OF NATURAL AND LEGAL PERSONS WITH CREDIT INSTITUTIONS PARTICIPATING IN THE BANK DEPOSIT GUARANTEE FUND

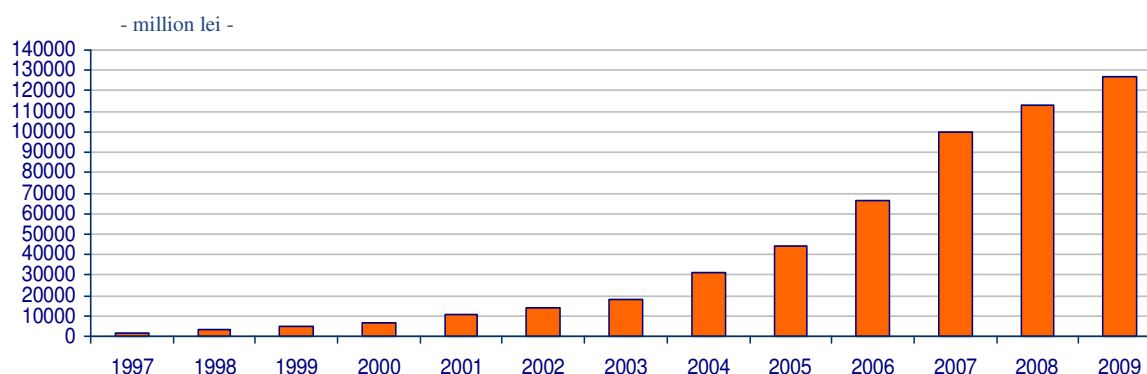
During January-July 2009 the number of member credit institutions was constantly 32. Starting from August 2009, when two new credit institutions were established, namely GE Garanti Bank S.A. and, respectively, Banca Comercială Feroviara S.A. – the number of member credit institutions increased to 34. Later on, following the merger between Raiffeisen Banca pentru Locuințe S.A. and HVB Banca pentru Locuințe S.A., the number went down to 33. Among FGDB member credit institutions there was a credit co-operative organisation (Annex 1).

For all FGDB member credit institutions the total amount of deposits¹ was, at the end of 2009, 270,012.3 million lei, 5.3% higher compared to the end of the previous year. The evolution of the two deposit categories defined from the point of view of FGDB's guarantee scope, namely guaranteed and non-guaranteed deposits, showed different trends (Annex 2).

While the amount of **guaranteed deposits** grew by 12.3%, the amount of **non-guaranteed deposits** decreased slightly, by 0.2%.

As at December 31, 2009, the total amount of guaranteed deposits represented 47.1% of the total amount of deposits, respectively 127,217.6 million lei. Compared to the end of 2008, there was a rise of 2.9 percentage points in the **weight of guaranteed deposits** in the total amount of deposits, as a result of a faster increase in the amount of guaranteed deposits as against the amount of non-guaranteed deposits.

Trends in guaranteed deposits with FGDB member credit institutions



¹ According to the Fund's law, a deposit is „any credit balance, including the due interest, which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution must repay under the legal and contractual conditions applicable, and any credit institution's debt evidenced by a certificate, except bonds mentioned in paragraph (6) of art.159 of *Regulation no.15/2004 regarding the authorization and functioning of investment management firms, collective investment undertakings and depositories*, approved by Romanian National Securities Commission's Order 67/2004, as subsequently amended”.

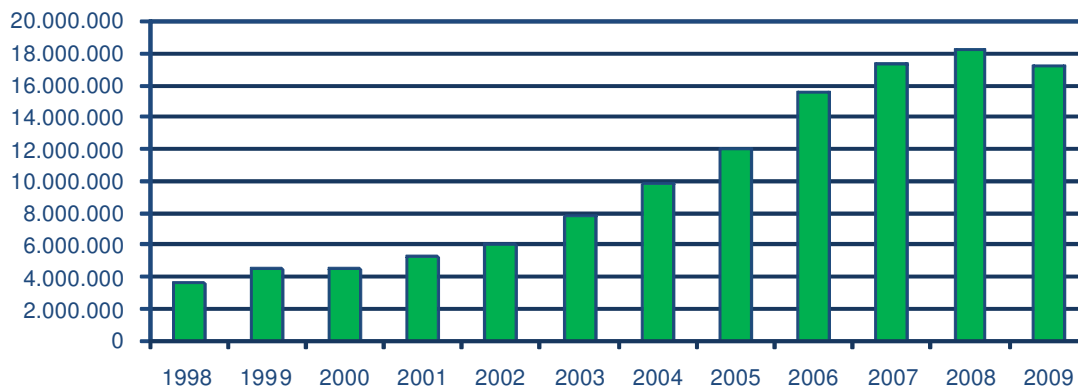
As regards the dynamics of **deposits with credit institutions by currency denomination**, it appears that the annual growth rate in lei-denominated deposits outmatches that of foreign currency-denominated deposits (+7.7% for lei-denominated deposits compared to +2.8% for foreign currency-denominated deposits). This trend led to an increase in the weight of lei-denominated deposits as against foreign currency-denominated deposits.

By currency denomination, lei-denominated guaranteed deposits continued to hold the majority (61.4%) of the total amount of guaranteed deposits. Compared to the same period of the previous year, the lei-denominated deposits grew at a slower pace than the foreign currency-denominated deposits (+6.9% for lei-denominated guaranteed deposits as against +22.2% in the case of foreign currency-denominated guaranteed deposits).

As at December 31, 2009, the **number of depositors** decreased by 5.2% compared to the end of 2008, reaching 17,332,761 depositors. This dynamics is explained by a larger decrease in the total number of natural person depositors (by 5.4%) as well as by a decrease in the number of legal person depositors (by 0.9%).

The number of guaranteed depositors, natural and legal persons, decreased in 2009 by 5.3% compared to December 31, 2008, reaching 17,246,226 depositors at the end of 2009. The reason for that decrease lay in frequent alterations operated by some of the credit institutions in their quarterly reports on the number of depositors, respectively guaranteed depositors. In some cases the figures were significant.

Trends in the number of guaranteed depositors



At the end of 2009, **guaranteed depositors** represented 99.5% of the total number of depositors. The number of natural person guaranteed depositors represented over 99.7% of the total number of natural person depositors, while in the case of legal persons, 95.4% of depositors were guaranteed. The reason for this situation is that, according to the Law, nearly all natural person depositors are guaranteed, while in the case of legal persons depositors there are a series of exceptions.

In the structure of guaranteed depositors, natural person depositors held the majority, respectively 94.8% as against the weight of legal person guaranteed depositors, which was 5.2%.

In 2009, the **number of natural person guaranteed depositors** decreased by 5.6%, while the **number of legal person guaranteed depositors** increased by 2%.

The summary of guaranteed depositors and deposits as at December 31, 2009, compared to December 31, 2008, depending on the applicable guarantee levels, is as follows:

No.	Indicators	Total	Within the guarantee level	Above the guarantee level
1.	Holders of guaranteed deposits (no. of holders): - as at December 31, 2008 - as at December 31, 2009* % of total - as at December 31, 2008 - as at December 31, 2009*	18,201,916 17,246,226 100 100	18,116,064 17,179,736 99.5 99.6	85,852 66,490 0.5 0.4
2.	Total guaranteed deposits (million lei): - as at December 31, 2008 - as at December 31, 2009* % of total - as at December 31, 2008 - as at December 31, 2009*	113,252.2 127,217.6 100 100	61,808.2 75,271.6 54.6 59.2	51,444 51,946 45.4 40.8

*On December 31, 2009, the guarantee level per guaranteed depositor was 50,000 euros, in lei equivalent, while on December 31, 2008, the guarantee level was 50,000 euros for the deposits of natural persons and 20,000 euros for the deposits of legal persons.

As at December 31, 2009 there was an overwhelming majority of fully guaranteed depositors (99.6%) holding deposits that were smaller or equal to the guarantee level (the lei equivalent of 50,000 euros). The main reason is the relatively low level of the average deposit per depositor compared to the guarantee level.

The calculation base for the annual contribution paid in 2009 was verified on the basis of the results in the books of all 32 member credit institutions as at December 31, 2008.

A novelty compared to the year 2008, regulated by Government Emergency Ordinance no. 80/2009 for the amendment and completion of Government Ordinance no. 39/1996 - was to include, starting from July 1, 2009, the deposits of the Mutual Aid Savings and Loan Associations in the category of guaranteed deposits. Following the verification of the calculation base for the annual contribution due in 2009, out of the 32 member credit institutions, 27 were found to owe FGDB a difference of 511.78 thousand lei. At the same time, a difference of non-owed contribution amounting to 144.32 thousand lei was reimbursed to a credit institution. A verification was also performed as regards the managing approach of the records of depositors' declarations on the categorization of deposits according with FGDB's guarantee scope. Random verification showed that, compared to the previous years, credit institutions paid more attention to the way they categorized deposits, and as a result differences in contributions resulted following the verification of the calculation base for the annual contribution diminished.

CHAPTER III

FGDB'S ACTIVITY AS A DEPOSIT GUARANTEE SCHEME

One of FGDB's main concerns in 2009 was to establish the coordinates of its financing policy. At the same time actions continued for the preparation of specific regulations in support of FGDB's financing policy.

3.1. Financing policy

FGDB's financing mechanism is mixed, in the sense that besides annual contributions owed by member credit institutions, they also grant annually, upon FGDB's request, stand-by lines of credit. These credits are earmarked for completing the resources necessary to the payment of compensations in case deposits with a member credit institution become unavailable. The two types of resources – annual contributions and stand-by lines of credit – must be calibrated so as to ensure an adequate level of FGDB's exposure coverage ratio, calculated as a ratio between the amount of the Fund's resources (both own resources and those stemming from stand-by lines of credit) and the total amount of guaranteed deposits.

The target exposure coverage ratio, the annual contribution rate of credit institutions² and the total amount of stand-by lines of credit are submitted for the approval of the National Bank of Romania's Board.

In establishing the coordinates of FGDB's financing policy for 2009 there was taken into account the increase in the guarantee ceiling for the deposits of natural persons from 20,000 euros to 50,000 euros.

The amendments made to FGDB's law at the end of the first half of 2009³ enhanced the Fund's capacity to ensure payment of compensations under a higher guarantee level and a significantly shorter payout delay. Under exceptional circumstances where FGDB's financial resources do not suffice to pay compensations, the Government intervenes and makes the necessary funds available as a loan, within 15 working days from FGDB's request.

In order to counterbalance the effects of increasing the guarantee ceiling over FGDB's capacity to cover potential compensation payments, it was decided to double the annual contribution rate of member credit institutions from 0.1% in 2008 to 0.2% in 2009,

² According to the Fund's law, the annual contribution rate cannot exceed 0.5%.

³ Government Emergency Ordinance no. 80/2009 for the amendment and completion of Government Ordinance no. 39/1996 on the establishment and functioning of Bank Deposit Guarantee Fund.

and also to correspondingly increase the total amount of stand-by lines of credit from the lei equivalent of 190 million euros to 300 million euros.

The amount of annual contributions paid by member credit institutions in 2009 and collected by FGDB was 225,840.46 thousand lei⁴. A balance of 738.58 thousand lei is added to the previous amount, representing differences of contributions collected/ reimbursed by FGDB further to the verification of the contribution calculation bases for the years 2007, 2008 and 2009, so as the total resulted amount was 226,579.1 thousand lei.

The Fund concluded agreements for stand-by lines of credit with seven member credit institutions. The lines of credit were not drawn down because in 2009 none of the member credit institutions went bankrupt.

The **FGDB's target exposure coverage ratio** grew from 1.2% to 1.5%. The increase was recorded for each of its components, as follows:

- the ratio between FGDB's own funds and the amount of guaranteed deposits increased from 0.7% in 2008 to 0.8% in 2009
- the ratio between resources pertaining to stand-by lines of credit and the amount of guaranteed deposits increased from 0.5% in 2008 to 0.7% in 2009.

Compared to the set target, an excess of 0.5 percentage points was recorded at the end of 2009 because the guaranteed deposits' annual growth rate slowed down compared to estimations, as a result of the aggravation of the international financial crisis.

In October 2009, FGDB prepared proposals for the coordinates of its 2010 financing policy. With a view to supporting these proposals, FGDB took into account both the state of the project regarding the introduction of risk-based contributions and the analysis of FGDB's exposure coverage, given the maintenance of the annual contribution rate and the amount of stand-by lines of credit as in 2009. The points of view expressed by the National Bank of Romania's Supervision Department and Financial Stability Department were also taken into consideration. The unanimous opinion was that, due to the present context of the international financial crisis, **for 2010 it is advisable to maintain the annual contribution rate at the level of 2009, namely 0.2%**, so that no further effort to be imposed on member credit institutions.

3.2. Payment of compensations for bankrupt credit institutions

In spite of the turmoil on financial markets, due to a sound banking system and to the prudential and administrative measures taken by the National Bank of Romania, in our country none of the credit institutions encountered problems. As a result, it was not necessary for FGDB to intervene and pay compensations to guaranteed depositors with

⁴ By applying the 0.2% contribution rate to the amount of guaranteed deposits, the resulting amount is larger than the annual contribution paid in 2009 because Citibank Romania left the deposit guarantee scheme starting with January 1, 2009.

member credit institutions. During 2009, FGDB had the legal obligation to pay compensations only to the guaranteed depositors of Nova Bank, in bankruptcy proceedings starting from November 9, 2006. Starting from January 10, 2010, the legal deadline for the payment of compensations expired. None of the guaranteed depositors of Nova Bank claimed from FGDB the payment of compensations so that the situation was unchanged since 2007, when only 10 out of 108 guaranteed depositors claimed compensations.

The summary of compensations payments made prior to December 31, 2009, for guaranteed deposits with credit institutions in bankruptcy are as follows:

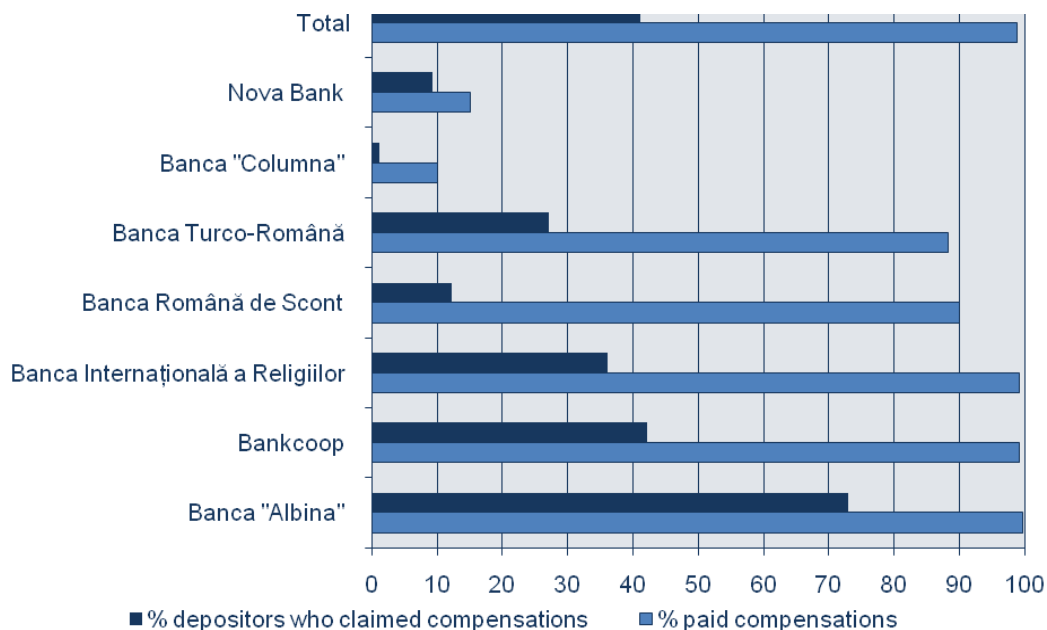
No.	Credit institution in bankruptcy	Compensations due according to the payment list		Payments made	
		No. of depositors	Amount (million lei)	No. of depositors	Amount (million lei)
1.	Banca „Albina”	33,528	36.1	24,461	36.0
2.	Bankcoop	467,993	275.5	197,252	273.2
3.	Banca Internațională a Religiilor	284,121	187.7	102,787	186.1
4.	Banca Română de Scont	1,871	1.0	229	0.9
5.	Banca Turco-Română	10,026	18.0	2,724	15.9
6.	Banca „Columna”	171	0.1	2	0.01
7.	Nova Bank	108	0.2	10	0.03
Total:		797,818	518.6	327,465	512.24

FGDB paid compensations in amount of 512.24 million lei in favour of 327,465 depositors. Out of the 797,818 listed depositors, approximately 59%, that is 470,353 depositors, did not claim the amounts they were entitled to, even though FGDB repeatedly sent communiqués and released several announcements in the media and on its website regarding compensation payments and the deadlines related to them.

The total amount of unpaid compensations is approximately 6.4 million lei, representing 1.2% of the total compensations in the payment lists. The average value of 94% of the unclaimed deposits is lower than 10 lei.

Annex no. 3 shows payments actually made versus payments owed by FGDB, as well as depositors who claimed payment of compensations versus depositors included in the list of payments.

The payment of compensations for credit institutions in bankruptcy is as follows:



3.3. FGDB's activity as a creditor

FGDB continued to monitor and support liquidators in implementing the bankruptcy proceedings to banks to which it was a creditor, in order to recover as much as possible of the Fund's claims against the respective credit institutions in bankruptcy.

As of December 31, 2009, FGDB recovered from the credit institutions in bankruptcy claims in amount of 159.78 million lei, representing 31.12% of its total claims against the credit institutions in bankruptcy. Starting 1999, FGDB has the capacity of creditor and/or liquidator in the bankruptcy/liquidation proceedings of the following banks:

- Banca Comercială „Albina“ SA – commencement of bankruptcy proceedings: May 25, 1999;
- Bankcoop SA – commencement of bankruptcy proceedings: February 8, 2000;
- Banca Internațională a Religiilor SA (BIR) – commencement of bankruptcy proceedings: July 10, 2000;
- Banca Română de Scont SA (BRS) – commencement of bankruptcy proceedings: April 16, 2002;
- Banca Turco-Română SA (BTR) – commencement of bankruptcy proceedings: July 3, 2002;
- Banca „Columna“ – commencement of bankruptcy proceedings: March 18, 2003;
- Nova Bank – commencement of bankruptcy proceedings: November 9, 2006, after being, as of August 22, 2006, in dissolution, followed by liquidation.

FGDB is the main creditor (over 65% of claims in the list of creditors' claims) of each of the first three banks – Banca „Albina”, Bankcoop and BIR. For the other banks in bankruptcy, FGDB's shares in the lists of creditors' claims are much lower (14.80% in the case of BTR) or insignificant (0.11% for Banca „Columna”). FGDB's capacity as a creditor was terminated in the case of two banks in bankruptcy following the full recovery of FGDB's claims, respectively in 2004 in the case of BRS and in 2007 in the case of Nova Bank.

The comparative summary of the recovered claims and the Fund's total claims against banks in bankruptcy is shown below:

No.	Credit institution in bankruptcy	Total claims		Claims recovered		Recovery ratio	
		Million lei	Thousand USD equivalent (at the exchange rate valid on the date of setting up the claim)	Million lei	Thousand USD equivalent (at the exchange rate valid on the date of each distribution)	Lei (%)	USD (%)
0	1	2	3	4	5	6=4/2	7=5/3
1	Banca „Albina”	36.06	22,510.42	12.46	5,078.25	34.55	22.56
2	Bankcoop	273.64	136,236.27	70.78	23,020.93	25.87	16.90
3	Banca Internațională a Religiilor	186.15	75,194.03	74.57	23,772.81	40.06	31.62
4	Banca Română de Scont	0.87	262.17	0.87	280.31	100.0	106.92
5	Banca Turco-Română	16.45	4,918.15	0.89	321.49	5.41	6.54
6	Banca „Columna”	0.09	27.66	-	-	-	-
7	Nova Bank	0.21	75.81	0.21	83.34	100.0	109.93
	TOTAL	513.47	239,224.51	159.78	52,557.13	31.12	21.97

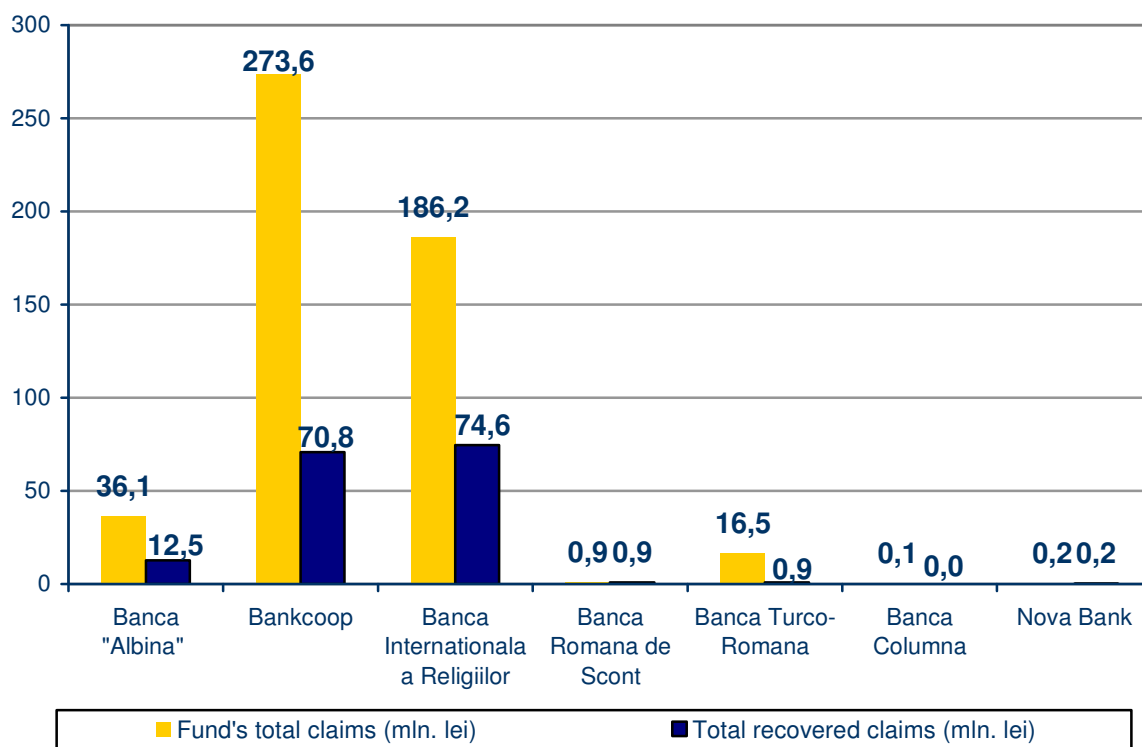
While monitoring liquidation activities of credit institutions in bankruptcy, FGDB insistently asked the liquidators to take efficient measures to realize the assets of the respective banks as soon as possible and reduce their operating costs.

During 2009 three buildings belonging to BIR and one building belonging to Bankcoop were sold by public auction/ direct negotiation. Starting public auction/ direct negotiation prices were approved by the creditors' assemblies based on the market value estimated in the assessment reports prepared by authorized experts.

As regards the proper adjustment of operating costs, during 2009 Bankcoop and BIR each closed one branch office and reduced personnel: Bankcoop from 42 to 37 employees and BIR from 57 to 42 employees.

FGDB's recovered claims from credit institutions in bankruptcy represent the amounts related to compensations paid to the guaranteed depositors of these banks, to which – in the case of Bankcoop, BTR and Nova Bank – there were added the contributions that were owed to FGDB and not paid until the date of commencement of bankruptcy proceedings. During 2009, FGDB recovered an amount of 30 thousand lei of its claim against Bankcoop, compared to the amount of 410 thousand lei recovered during 2008. The downward trend in the Fund's claim recovery results from a significant diminishment of possibilities to recover claims and realize assets as the respective banks had fewer assets or claims and of lesser value or difficult to realize.

Comparison between total claims and recovered claims as at December 31, 2009



CHAPTER IV

FGDB'S ACTIVITY AS A LIQUIDATOR

Starting 2002, FGDB has been involved in the liquidation proceedings of two banks in bankruptcy⁵, respectively Banca Română de Scout (proceedings commenced on April 16, 2002) and Banca Turco-Română (proceedings commenced on July 3, 2002). In 2006, the Fund acted as liquidator of Nova Bank, which was initially in dissolution followed by liquidation.

4.1. Activity as a judicial liquidator of Banca Română de Scout (BRS) – credit institution in bankruptcy

a) **Continuing the activity to handle the cases** pending with courts of law in order to recover the bank's claims from its debtors.

In order to recover the bank's claims, actions were continued to prosecute and attach debtors' goods. The debts were in amount of 16.6 million lei as at December 31, 2009. Out of this amount, over 44% was represented by outstanding debts from credits and interests related to the first 10 debtors, ranked according to the size of the debt.

As a result of issuing a writ of execution in the lawsuit involving the civil liability of BRS's former president, the identified goods of this one were distrained. The distrained goods could not be sold during 2008 – 2009 because the respective goods were seized, at the same time, by the Prosecutor's Office attached to the High Court of Cassation and Justice in the criminal law file regarding the bankruptcy of BRS, still pending.

From the point of view of collecting amounts under litigation in lawsuits filed by the bank to the purpose of recovering those amounts, an estimation can be made that a lei equivalent of approximately 1.7 million USD can be collected, corresponding to the bank's own investment in the 8 premises (former offices of the bank) rented from SC Imobiliari Network 2002 SA during 1999 – 2000, which makes the object of the damage claim lawsuit filed by BRS against the above mentioned company.

Regarding the legal actions filed by the bank for the recovery of claims, as at December 31, 2009 - 248 files were in progress, out of which: 20 civil and commercial files, 63 execution files, 95 criminal files and 70 suspended files.

⁵ Pursuant to regulations in the legislation referring to the bankruptcy of credit institutions (Law no. 83/1998 on the bankruptcy proceedings of banks, with further amendments), the general framework in matters of bankruptcy (Law no. 85/2006 regarding insolvency proceedings, with further amendments), regulations applicable to credit institutions (Law no. 58/1998 on the banking activity, replaced by GEO no. 99/2006 on credit institutions and capital adequacy, further amended and completed), FGDB's internal regulations (Regulation no. 3/2007 regarding the Bank Deposit Guarantee Fund's activity as a liquidator, special and interim administrator – that defines the powers of the Fund's appointed representative in one of these capacities – and Regulation no. 2/2007 regarding the sale of assets belonging to a credit institution in bankruptcy; the latter became operational upon approval by the creditors' assemblies of the two credit institutions in bankruptcy) and regulations belonging to the credit institutions in bankruptcy.

In the case of the 70 files for claims in total amount of 147.7 million lei and 2.08 million USD, trial was suspended until the resolution of the criminal file regarding the bankruptcy of BRS, which makes the prospect of collecting the claims that make the object of the above mentioned lawsuits to be uncertain. To the expert report prepared for the above mentioned file, BRS raised objections and claimed, as a civil injured party, compensation for a prejudice of 93.5 million lei.

b) **Continuing to carry out the recovery of the claims** from credits, interests and other claims, as well as realizing BRS' assets.

During 2009 claims and other assets were recovered in amount of 300 thousand lei, out of which 20 thousand lei represented recovered claims, compared to 1.6 million lei, out of which 1.5 million lei recovered claims during the previous year.

The summary of collections from claim recovery and BRS asset realization during the bankruptcy proceedings is shown below:

- million lei -

Description	Claims and other assets as at April 16, 2002 (commencement of bankruptcy proceedings)	Cash collections during April 16, 2002- December 31, 2009	out of which: in 2009	%
Total claims and other assets, out of which:	54.57	29.41	0.30	53.89
1. Claims	37.75	10.03	0.02	26.57
1.1. credits	27.09	5.21	-	19.23
1.2. interests	6.06	2.36	-	38.94
1.3. other claims	4.60	2.46	-	53.48
2. Other assets	16.82	16.42	-	97.62
3. Other cash collections (rent, dividends, interest on cash accounts)	-	2.96	0.28	-

The total amount of recovered claims since the commencement of bankruptcy proceedings was 10.03 million lei, that is 26.57% of the amount of existing claims at the commencement of bankruptcy proceedings (37.75 million lei).

If the calculation also includes the amount of 12.9 million lei from setting off claims against debts and asset takeovers from the debtors SC Romcuarț SRL and SC Cuarț SA, then the recovery ratio from credits, interests and other claims is 60.74% of the total claims from credits, interests and other claims at the commencement of bankruptcy proceedings.

As regards the amount of 16.42 million lei, representing total collections under the entry „other assets”, the main weight is held by the collections from the sale of nine bank premises (8.5 million lei) and recovery of investments made in rented buildings (2.8 million

lei); the rest comes from the assignment of equity investments in TransFond, The Romanian Fund for Private Entrepreneurs' Credit Guarantee and The Rural Credit Guarantee Fund (3.8 million lei), sale of vehicles, sale of other assets, recovery of guarantees for the EUROPAY cards implementation contract.

During 2009, the bank operated with 14 employees, 1 employee less than during the previous year.

c) Distributions to creditors from collected amounts

Following the results obtained in the bankruptcy proceedings, during 2009, the liquidator made one distribution in favour of unsecured creditors in amount of 0.2 million lei, compared to 1.2 million lei during the previous year.

From the beginning of bankruptcy proceedings until December 31, 2009 ten distributions were made to creditors in amount of 17.4 million lei, representing 45.31% of the list of creditors' claims, in amount of 38.4 million lei. Unsecured creditors recovered over 43% of their claims (in amount of 36.5 million lei), while FGDB, the bank's employees and the State recovered their claims in full.

d) Financial results

From the commencement of bankruptcy proceedings until December 31, 2009, as a result of measures taken for increasing income and diminishing losses, the financial results were positive, in amount of 7.8 million lei. The profit was earmarked/distributed to partially cover (40%) the assumed accounting losses in amount of 19.4 million lei, recorded by the bank at the commencement of the bankruptcy proceedings.

4.2. Activity as a judicial liquidator of Banca Turco-Română (BTR) – credit institution in bankruptcy

a) **Continuing the activity to handle the cases** pending with courts of law in order to recover the bank's claims from its debtors.

At the end of 2009, 45 files were pending, out of which: 12 enforcement files, 17 commercial files, 8 administrative files, 7 criminal complaints and one criminal file⁶.

With reference to the damage compensation action, filed with the court of law in March 2003 against Bayindir Holding AS and Bayindir Insaat Turizm Ticaret ve Sanayi AS, to obligate them to jointly cover the damage caused to the bank, the High Court

⁶ With respect to recovering claims related to the two Turkish companies - Bayindir Holding AS and Bayindir Insaat Turizm Ticaret ve Sanayi AS – the bank's main debtors, as well as for establishing the liability of former administrators and main shareholders responsible for the bank's failure, BTR filed in 2003 two civil actions with courts of law. In addition, for the damage incurred, BTR made a civil compensation claim in the criminal file that was created as a result of the claim raised by the National Bank of Romania in 2001.

of Cassation and Justice irrevocably rejected (by Court Decision no. 2720/2009) the damage compensation action filed by BTR, based on the general objection to jurisdiction against all Romanian courts. The motivation of the High Court took into account the provisions of the fiduciary and guarantee contracts on which BTR's action was grounded, according to which the competence to solve the litigations lies with courts in Geneva, respectively Istanbul.

In respect of establishing the liability of former administrators and main shareholders for the bankruptcy of Banca Turco-Română SA (legal action filed in April 2003), the accountancy expert report filed with the court for the hearing of November 24, 2009, indicates as guilty for the prejudice to the bank, that finally caused its failure, two of the 13 defendants. Both BTR and one of the defendants raised objections to the accountancy expert report and requested that all defendants should be held responsible for the damage, in relation to the position they held with Banca Turco-Română SA; also that responsibility should be circumscribed in the case of each individual for the damage thus defined.

In the legal action for establishing the criminal liability of former administrators, natural persons who signed the guarantee and fiduciary contracts allowing Bayindir Insaat Turizm Ticaret ve Sanayi AS to obtain loans from foreign banks, BTR made a civil compensation claim for the prejudice incurred. Though by Criminal Court Decision no. 1071 of April 19, 2007, the former administrators (seven Turkish citizens and one Romanian citizen) were sentenced for abuse of office, intellectual forgery and other offences, the defendants filed an appeal, the latest hearing being scheduled for March 31, 2010.

Out of the 154 debtors as at December 31, 2009 (others than Bayindir Group), 12 were subject to enforced execution procedures, for 6 civil or criminal legal actions were pending, 11 were in bankruptcy proceedings, for 27 the bankruptcy proceedings had been completed, 86 could no longer be brought to justice taking into account the statute of limitation and for 12 all legal methods for claim recovery had been exhausted.

As at December 31, 2009, BTR's debt towards its 707 creditors, others than ANAF, amounted to 90.7 million lei, out of which the Fund is entitled to an amount of 16.4 million lei (out of which the Fund collected through the distribution of August 31, 2006, the amount of 0.8 million lei).

b) **Continuing to carry out the recovery of the claims** from credits, interests and other claims, as well as realizing BTR's assets.

The total collections in 2009, in amount of 4.45 million lei, represent 9.69% of the total collections for the whole period of the bankruptcy proceedings with BTR.

Collections from claim recovery represent 2.04% of total claims as at the date of commencement of bankruptcy proceedings, 92.08% of the amount represents the claim against the two Turkish debtors, while the rest of 5.88% represents non-recovered claims, resulting from the lack of original debt securities necessary for the enforcement of executions or for filing damage compensation claims following closure of the bankruptcy proceedings with some of the debtors, as well as from the prescription of BTR's material right to legal action in the case of other debtors.

The summary of collections from claim recovery and BTR asset realization during the bankruptcy proceedings is shown below:

- million lei-

Description	Claims and other assets as at July 3, 2002 (commencement of bankruptcy proceedings)	Cash collections between July 3, 2002 – December 31, 2009	out of which in 2009	%
Total claims and other assets, out of which:	274.15	45.93	4.45	16.75
1. Claims	227.48	4.63	0.50	2.04
1.1.credits	98.19	1.34	0.01	1.36
1.2. interests	17.30	2.39	0.47	13.82
1.3. other claims	111.99	0.90	0.02	0.80
2. Other assets	46.67	31.63	-	67.77
3. Other collections	-	9.67	3.95	-

In the total of cash collections, „other claims” in amount of 0.90 million lei represent amounts recovered from debtors from various operations, other than credits, and debtors related to operations with cards.

In the „other assets” row, out of the 31.63 million lei, cash collections from sales of immovables (five buildings and two plots of land) form the majority. The rest comes from sale of movables and equity investments. During 2009 no sales of assets took place due to the lack of interest on behalf of potential bidders. The assets put up for sale were a 5,000 sqm plot of land situated in the vicinity of Bucharest and four used cars.

In the „other collections” row, out of the amount of 9.67 million lei, interests pertaining to the bank's cash accounts (3.95 million) represent 40.85%, the rest coming from other sources.

During 2009 the bank operated with an average number of 9 employees, 2 employees less than during the previous year.

c) Distribution to creditors from collected amounts

Similar to 2007 and 2008, during 2009 no amounts were distributed to creditors. Distributions will be resumed after ANAF's claim is fully cleared. After resuming distributions, FGDB would be entitled to collect approx. 14.3 million lei on account of its claim (16.4 million lei) and approx. 1.5 million lei as remuneration due for its activity as a liquidator.

CHAPTER V

INTERNATIONAL RELATIONS

In the context of general concerns for the stabilization of international financial markets, the year 2009 was rich in events for deposit guarantee institutions worldwide – especially in the light of legislation changes and measures taken for preserving and enhancing depositors' confidence in the financial sector. Some of these are the modification, in March 2009, of the EU Directive regarding deposit guarantee schemes (Directive 2009/14/EC of the European Parliament and of the Council of March 11, 2009, amending Directive 94/19/EC on deposit guarantee schemes as regards the coverage level and the payout delay).

In this context, the European Forum of Deposit Insurers (EFDI) and the International Association of Deposit Insurers (IADI), the two international bodies in the field of deposit insurance, organized a number of events in which FGDB took part as a member.

The agenda of the XIII-th meeting of IADI Europe Regional Committee included among its main topics a detailed presentation of the proposed modifications to the EU Directive regarding deposit guarantee schemes and a discussion of problems that the EC was to review in support of a new amendment to the Directive regarding deposit guarantee schemes.

At the end of March 2009, the meeting of EFDI EU Committee took place. This also occasioned the meeting of the working group of EFDI EU Committee on the development of common voluntary approaches for the inclusion of risk based elements for deposit guarantee schemes. In parallel with the meeting of EFDI EU Committee, the representatives of deposit guarantee schemes discussed with members of the EC Joint Research Center (JRC) topics related to the data and information to be used for the preparation of the EC Report.

For JRC reviews, FGDB provided multi-annual data and information related to the operations of all its departments.

During the EFDI Annual Meeting a conference took place entitled „Deposit Insurance During and After a Systemic Crisis“. The meeting debated topics referring to EFDI involvement in various actions related to the review of the EU Directive regarding deposit guarantee schemes. EFDI's financial statements for 2008 were also submitted for approval.

In Istanbul, EFDI and IADI jointly organized the annual regional seminar on financial stability themes entitled „Claims Management – Reimbursement to Insured Depositors”. Discussions referred to critical issues regarding deposit guarantee and measures that could be taken for speeding up the payment of compensations – respectively the situation of certain deposit guarantee institutions that had to cope with multiple payments and faced the problem of personnel shortage.

The IADI Annual General Meeting took place in Basel, together with the international conference „Core Principles for Effective Deposit Insurance Systems” jointly organized by IADI, the Financial Stability Institute and Basel Committee on Banking Supervision (BCBS). An international exhibition of deposit guarantee schemes was also organized on that occasion.

In addition, FGDB participated in the working group of EFDI EU Committee on the development of common voluntary approaches for the inclusion of risk based elements for deposit guarantee schemes, whose report was finished in July 2009 and forwarded to the EC.

In support of EC's drawing up of the report regarding the review of the EU Directive on deposit guarantee schemes, including, if appropriate, proposals for legal amendments, during May 29 – July 27, 2009, a public consultation took place, to which all interested entities were invited to participate in. FGDB expressed its point of view, answering an ample questionnaire. The vast majority of participants to the public consultation called by the European Commission (93%) declared themselves in favour of a new review of the Directive.

A further concern of the European Union is the cooperation between deposit guarantee schemes in the case of cross-border credit institutions. The desirable aim emerging from the debates held so far is the capacity of the scheme in the host country to act as a single point of contact for the depositors with branches of foreign credit institutions, who are guaranteed by the scheme of their home country. To this effect FGDB answered, at the beginning of December 2009, the questionnaire of EFDI EU Committee referring to the preparation of a Multilateral Memorandum of Understanding between member schemes.

During the whole of the year 2009, upon the request of EFDI, IADI and other international financial organizations, the Fund provided information on the measures taken after the onset of the international financial crisis, including the guarantee ceiling in Romania and the foreseeable changes thereof, as well as financial information at various moments in time.

During March, July and October 2009 meetings took place with representatives of the International Monetary Fund and the European Commission. Discussions tackled proposals of amendment and completion of FGDB's legislation, as well as measures taken by FGDB in implementing legal provisions and meeting the new requirements set before the deposit guarantee schemes.

CHAPTER VI

INFORMATION FOR THE PUBLIC

In the year 2009, FGDB paid a special attention to informing the public with the aim of increasing public awareness about deposit guarantee, especially in the context of the financial crisis on international markets. The activity of informing the public about deposit guarantee was adjusted to the international situation and to EU's measures for increasing the confidence of the public in the financial system.

The importance of the issues related to public awareness is emphasized by Directive 2009/14/EC of the European Parliament and of the Council of March 11, 2009 amending Directive 94/19/EC on deposit guarantee schemes. This directive states the obligation of credit institutions to specifically inform potential and actual depositors about the situation of their deposits from the point of view of guarantee. In this context, FGDB requested credit institutions to mention on account/deposit opening forms that they are members of the Bank Deposit Guarantee Fund and deposits with these credit institutions are guaranteed within the limits and conditions imposed by the Law.

In the context of the amendments made to the EU Directive on deposit guarantee schemes, FGDB was concerned, as early as the drafting stage, with the preparation and implementation of the issues tackled by directive, and repeatedly provided information thereof to credit institutions.

FGDB verified the communications received from credit institutions and the way of informing depositors, organizing to this effect actions of verification to 290 branch offices of 20 credit institutions.

Starting the first quarter of 2009, FGDB has published quarterly reports that replaced the former half-yearly ones, in order to provide the public with up-to-date information regarding the latest developments in its own activity, the saving process in Romania, as well as the deposit guarantee both in EU and worldwide.

FGDB contributed to informing the public both through its own publications and website and through published articles, presentations made in conferences, symposia, radio and TV programs. FGDB's publications are available on its website and are also distributed in printed form to institutions in the financial-banking system, public authorities, academic and scientific research organizations and institutions, etc.

As during the previous years, in order to understand the saving behaviour, determinants and prospects of saving, FGDB commissioned a survey to an institute specialized in market study and social research. The survey was performed in October 2009 and the findings were presented in the Quarterly Report no. 4/2009. The results revealed a low level of public awareness in matters of deposit guarantee.

Based on the information supplied by the survey and on the need to ensure a standardization of information provided to the public by credit institutions following the amendment of the legislation in the field of deposit guarantee, FGDB decided to take further measures to raise public awareness. Such measures include the preparation, jointly with the Romanian Banking Association, of an information kit for depositors which was posted at the branch offices of the credit institutions.

Upon recommendation from the National Bank of Romania, FGDB started the preparation of a vast study dedicated to the saving process in Romania, that included a section regarding the crediting component. At the closure of this study, the National Bank of Romania, FGDB and the Romanian Center for Economic Policies organized on September 9, 2009, a symposium on “Aspects of the Saving Process in Romania”.

CHAPTER VII

RESOURCES AND FINANCIAL RESULTS IN 2009

7.1. Financial resources

The contributions paid by banks in 2009, compared to 2008, are as follows:

– thousand lei –		
Type of contribution	2008	2009
– initial contributions	450.0	850.0
– annual contributions	99,959.7	226,579.1
– special contributions	–	–
TOTAL	100,409.7	227,429.1

The amount of the annual contribution due for 2009, communicated to FGDB at the beginning of the year based on the declarations forwarded by credit institutions, was paid by these ones within the legal deadline. Annual contributions collected by FGDB in 2009 include the amount of 416.4 thousand lei, representing the difference of contribution resulted from the verifications performed by FGDB to credit institutions as regards the way of establishing the contribution calculation base for 2007 and 2008.

The increase in the amount of annual contributions collected in 2009 was due both to the growth in the amount of guaranteed deposits and to the rise of the annual contribution rate from 0.1% in 2008 to 0.2%.

In compliance with the approved financing policy, in 2009 FGDB contracted with member credit institutions stand-by lines of credit in total amount of 1,281,326.35 lei. These lines of credit, valid until March 1, 2010, were not accessed because during 2009 none of FGDB's members went bankrupt. According to legal provisions, FGDB pays to credit institutions, within 30 bank working days from the expiry of the stand-by lines of credit validity, a commitment fee of 0.3%.

The development in FGDB's financial resources and payments made from these resources - from the Fund's establishment until December 31, 2009, compared to December 31, 2008, are shown below:

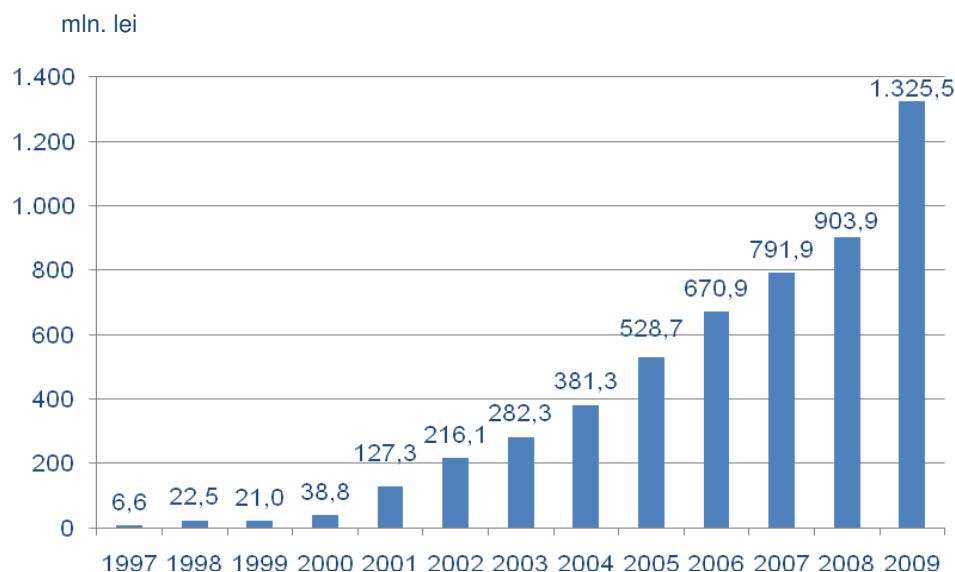
No.	INDICATORS	– thousand lei –			
		December 31, 2008 Cumulated data	2009	December 31, 2009 Cumulated data	%
A.	RESOURCES – total, out of which:	1,950,464.6	357,998.8	2,308,463.4	18.35
	1. Contribution of banks	957,900.6	227,429.1	1,185,329.7	23.74
	2. FGDB profit distributed during 1996 – 2008	481,717.4	130,489.4	612,206.8	27.09
	3. Borrowings	350,000.0	-	350,000.0	-
	4. Recovered claims from credit institutions in bankruptcy*	159,750.2	28.7	159,778.9	0.02
	5. Collections from remuneration as liquidator	1,096.4	51.6	1,148.0	4.71
B.	PAYMENTS – total, out of which:	979,230.7	3,771.8	983,002.5	0.39
	1. Payment of compensations	512,243.7	-	512,243.7	-
	2. Payments related to borrowings, out of which:	458,774.9	-	458,774.9	-
	2.1. Repayments of principal	350,000.0	-	350,000.0	-
	2.2. Interests related to borrowings	108,774.9	-	108,774.9	-
	3. Payments due related to the commitment fee for stand-by lines of credit	8,212.1	3,771.8	11,983.9	45.93
C.	Year-end balance	971,233.9	354,227.0	1,325,460.9	36.47

* Amounts include also the contributions owed to the Fund and collected from Bankcoop and Banca Turco-Română (until December 31, 2006), as well as from Nova Bank (in 2007).

As results from the information above, FGDB's resources earmarked for deposit guarantee as at December 31, 2009, increased by 354,227.0 thousand lei (+36.47%), compared to the previous year.

A review of the structure of FGDB resources in 2009 shows that amounts distributed from the Fund's profit held a relatively high weight (36.45%) in the total amount of resources. This was a result of allocating 99% of the annual profit to the Fund's resources.

The development in FGDB's available funds as at December 31, 2009



7.2. The Fund's Investment Policy

FGDB's placements in 2009 were made in keeping with an annual strategy of exposure, established by FGDB's Board and approved by the National Bank of Romania's Board. The main objectives pursued are the minimization of risks and the liquidity of placements, and, as an additional objective, their efficiency. During 2009, FGDB's resources were invested in Government securities (697,599.3 thousand lei – 50.97%) and time deposits (671,061.0 thousand lei – 49.03%), while the structure of the average invested capital and the average interest obtained by the Fund for investments made in 2009 are shown in the following table:

Investment of the Fund's financial resources in 2009:

No.	Financial instruments	I st half		II nd half		Total	
		Average invested capital - thsd. lei-	Average interest rate %	Average invested capital - thsd. lei-	Average interest rate %	Average invested capital -thsd. lei-	Average interest rate %
1.	TOTAL INVESTMENTS, out of which: Investments in Government securities	403,851.6	12.97	1,021,950.3	13.00	712,167.6	13.23
2.	Investments in time deposits	254,137.1	11.40	469,981.9	11.08	361,736.4	11.38
		149,714.5	15.63	551,968.4	14.64	350,431.2	15.14

The structure of the FGDB's average capital invested during 2009 and the previous years (with maturities going beyond January 1, 2009), by financial instruments, is shown below:

Total investments:

No.	Financial instruments	I st half		II nd half		Total	
		Average invested capital - thsd. lei-	Average interest rate %	Average invested capital - thsd. lei-	Average interest rate %	Average invested capital - thsd. lei-	Average interest rate %
	TOTAL INVESTMENTS	1,018,186.5	11.75	1,224,777.0	12.73	1,121,209.0	12.47
1.	out of which: Investments in Government securities	468,495.8	11.57	639,917.7	11.14	553,898.3	11.50
2.	Investments in time deposits	549,690.7	11.89	584,859.3	14.47	567,310.7	13.42

The average interest rate estimated for 2009 was 9.54%, while at the end of the year the annual average interest rate was 12.47% as a result of a significant rise of interest rates on the Romanian monetary market.

7.3. Financial results for 2009

FGDB's financial operations were assessed monthly by the Board, based on the reports presented by the executive management, referring to the collection of contributions, the recovery of claims from credit institutions in bankruptcy, payment of compensations, investment of available financial resources and Fund's current expenditures.

In 2009, the main increase was in financial assets representing investments in Government securities on term higher than a year compared to financial investments in Government securities and time deposits on terms lower than a year. The debts to be paid within maximum a year consist mainly in the commitment fee for the stand-by lines of credit owed for 10 months of the year 2009, in amount of 3,222,622 lei.

Financial statements of the Bank Deposit Guarantee Fund

Balance sheet

- lei -

Assets			Liabilities		
	December 31, 2008	December 31, 2009		December 31, 2008	December 31, 2009
1. Fixed assets, total,	567,378,102	824,755,965	1. Own funds,	972,302,112	1,327,487,320
out of which:			total, out of which:		
– intangible asset	16,761	41,645	– reserves	903,978,786	1,195,356,578
– tangible assets	213,242	387,068	– financial year profit	68,323,326	132,130,742
– financial assets	567,148,099	824,327,252	– profit distribution	-	-
2. Current assets, out of which:	407,761,664	506,181,674	2. Debts, total, out of which:	2,837,654	3,450,319
– short term financial investments	407,651,594	506,013,220	– debts due within a year	2,837,654	3,450,319
– bank accounts	11,912	27,960			
– other claims (bank settlements)	81,234	98,349			
3. Advance expenditures	16,924	42,145			
TOTAL ASSETS	975,139,766	1,330,937,639	TOTAL LIABILITIES	975,139,766	1,330,937,639

Analysis of financial information reported for the financial year closed on December 31, 2009:

The FGDB's total income for 2009, in amount of 139,989,268 lei, mainly comes from:

- **139,806,467 lei**, interests from investment of financial resources during 2009. Placement interests represent 99.87% of the total income recorded in 2009. The average annual interest rate for placements made in 2009 was 12.47%;
- **175,843 lei**, interests collected for the available funds in FGDB's current bank accounts.

FGDB's total expenditures in 2009, in amount of **7,858,526 lei**, represent 5.61% of the total income and consist of:

- **6,041,214 lei, personnel expenditures**, representing 76.87% of total expenditures, out of which:
 - 4,638,138 lei expenditures for FGDB personnel remuneration (76.77% of total personnel expenditures);

- 1,403,076 lei, payments to special budgets, respectively social insurance, health insurance, unemployment insurance fund, accident insurance fund and social fund (23.23% of total personnel expenditures);
- **1,592,487 lei, expenditures related to services provided by third parties** (20.26% of total expenditures), representing:
 - 422,742 lei, Board members' allowances;
 - 536,112 lei, expenditures for internal and external audit, as well as services provided by third parties;
 - 53,118 lei, expenditures for maintenance and repairs;
 - 173,847 lei, expenditures for rent;
 - 234,793 lei, expenditures for advertising and publicity (quarterly reports, annual report, Finmedia Financial Directory, studies carried out by Metro Media);
 - 171,875 lei, other expenditures related to services provided by third parties (expenditures with domestic travels – namely delegating the FGDB personnel to BRS and control actions at credit institutions with the head office outside Bucharest; foreign travels – participation of FGDB's representatives in events organized by the international professional associations - EFDI and IADI; expenditures for electricity and water supply; expenditures for post and telecommunications; expenditures for insurance premiums; expenditures for commissions and fees, etc.);
 - **115,554 lei, expenditures for consumables** and inventory items (1.47% of total expenditures);
 - **109,271 lei, expenditures for depreciation** of tangible and intangible assets (1.39% of total expenditures).

FGDB's financial year 2009 closed with a gross profit of 132,130,742 lei compared to the estimated 97,457,100 lei. The profit growth amounted to 34,673,642 lei (35.6%).

Profit and loss account

FGDB's profit and loss account at the end of 2009, compared to 2008, is as follows:

– lei –

	December 31, 2008	December 31, 2009
Income from exploitation	-	6,260
Expenditures for exploitation	6,702,818	7,858,526
Financial income	75,026,144	139,983,008
Financial expenditures	-	-
Total income	75,026,144	139,989,268
Total expenditures	6,702,818	7,858,526
Gross profit	68,323,326	132,130,742
Income tax	-	-
Net profit	68,323,326	132,130,742

During the financial year closed on December 31, 2009, FGDB recorded **net profit in amount of 132,130,742 lei**, that was distributed as follows:

- **130,489,435 lei**, restoration of FGDB's financial resources, destined to the payment of potential compensations for guaranteed depositors (99%);
- **1,321,307 lei**, creation of the annual fund for participation to profit;
- **320,000 lei**, creation of the investment fund approved by means of the income and expenditure budget for the year 2010 (0.24%).

FGDB's income and expenditure budget

In short, the provisions of the income and expenditure budget for 2009 were as follows:

– thsd lei –

	Provisions 2009	Realized 2009	Balance
1. Income	107,360	139,989	+32,629
2. Expenditure	9,903	7,858	- 2,045
3. Total net result of the financial year	97,457	132,131	+34,674

The year 2009 recorded exceeding income in amount of 32,629 thsd. lei. This results both from the increase in the average invested capital in 2009 compared to 2008 and the increase in the average interest rate from placements made. In 2009 an average invested

capital of 1,124,778 thsd. lei was provisioned, and an average annual capital of 1,121,209 thsd. lei was actually invested, resulting in a unaccomplished amount of 3,569 thsd. lei. This is due to the change in status of certain banks active on the Romanian market, that were transformed into branch offices.

The financial statements were prepared in accordance with Order no.13/December 19, 2008 of the Governor of the National Bank Romania for the approval of accounting regulations harmonized with EU objectives, applicable to credit institutions, non-banking financial institutions and the Romanian Deposit Guarantee Fund.

The balance sheet for 2009 was submitted to the competent bodies of the Ministry of Public Finance within the legal deadline.

CHAPTER VIII

REPORT OF THE INDEPENDENT AUDITOR

Report on the FGDB's financial statements

1 We audited the enclosed financial statements of the **Romanian Deposit Guarantee Fund** ("the Fund") that include the balance sheet as at December 31, 2009, the profit and loss account for the financial year closed at that date, a summary of significant accounting policies and other explanatory notes. The respective financial statements refer to:

- Total liabilities : 1,330,937,639 lei
- Net result of financial year : 132,130,742 lei profit

Responsibility of the management for the financial statements

2 The Company's management is responsible for the adequate preparation and presentation of financial statements, in accordance with the Order issued by the National Bank of Romania no. 13/2008 ("Order 13/2008") with further amendments and with the accounting policies described in the notes to the financial statements. This responsibility includes: designing, implementing and maintaining a relevant internal control system for the accurate preparation and presentation of financial statements so that they do not contain significant alterations, due to fraud or error; selection and application of adequate accounting policies; preparation of reasonable accounting estimations under the given circumstances.

Responsibility of the auditor

3 It is our responsibility that, based on the audit performed, we should express an opinion regarding these financial statements. We performed the audit in accordance with the auditing standards of the Romanian Chamber of Financial Auditors. These standards require that we abide by the requirements of professional ethics, we plan and perform the audit so as to obtain reasonable assurance that the financial statements do not contain significant alterations.

4 An audit consists in applying procedures for obtaining audit evidence referring to the amounts and the information presented in the financial statements. The selected procedures depend on the auditor's professional reasoning, including the assessment of risk in point of significant alteration of financial statements due to fraud or error. In the assessment of this risk, the auditor takes into consideration the internal control relevant for the adequate preparation and presentation of the Company's financial statements, in

order to determine the relevant auditing procedures under the circumstances, but not to express an opinion on the efficiency of the Company's internal audit. An audit also includes the evaluation of the degree of adequacy of the accounting policies used and the reasonable character of accounting estimations prepared by the management, as well as the evaluation of the presentation of the financial statements in their integrity.

- 5 We consider that the audit evidence we obtained is sufficient and adequate to form the basis of our audit opinion.

The opinion

- 6 In our opinion the financial statements present faithfully and under all significant aspects the financial state of the **Romanian Deposit Guarantee Fund** as at December 31, 2009, as well as the financial performance for the year concluded at that date, in accordance with the Order of the National Bank of Romania no. 13/2008 ("Order 13/2008") with further amendments and the accounting policies described in the notes to the financial statements.

Other aspects

- 7 The present report is exclusively addressed to the Company's shareholders in their integrity. Our audit was performed so that we should be able to report to the Company's shareholders those aspects that need to be reported in a financial auditing report and to no other purposes. To the extent permitted by the Law, we only accept and only assume responsibility to the Company and its shareholders, in their integrity, for our audit, for the present report or for the opinion expressed therein.

Report on the conformity of the management's report with the financial statements

In accordance with the Order of the Governor of the National Bank of Romania no. 13/2008, art. 208. point 1, e) we have read the management's report, attached to the financial statements. The management's report is not a part of the financial statements. In the management's report we did not identify historical financial information that is significantly not in concordance with the information presented in the attached financial statements.

Ahmed Hassan, Auditing partner

*Registered with the Romanian Chamber of Financial Auditors
certificate No. 1529/November 25, 2003*

In the name of:

DELOITTE AUDIT SRL

*Registered with the Romanian Chamber of Financial Auditors
certificate No. 25/June 25, 2001*

Bucharest, Romania, March 15, 2010

List of FGDB member credit institutions as at December 31, 2009

1. Alpha Bank Romania S.A.
2. ATE Bank România S.A.
3. Banca Centrală Cooperatistă Creditcoop
4. Banca C.R. Firenze România S.A.
5. Banca Comercială Carpatica S.A.
6. Banca Comercială Feroviara S.A.
7. Banca Comercială Intesa Sanpaolo Romania S.A.
8. Banca Comercială Română S.A.
9. Banca de Export Import a României EXIMBANK S.A.
10. Banca Millennium S.A.
11. Banca Românească S.A., member of National Bank of Greece Group
12. Banca Transilvania S.A.
13. Bancpost S.A.
14. Bank Leumi România S.A.
15. BCR Banca pentru Locuințe S.A.
16. BRD - Groupe Société Générale S.A.
17. CEC Bank S.A.
18. Credit Europe Bank (România) S.A.
19. Emporiki Bank - România S.A.
20. GE Garanti Bank S.A.
21. Libra Bank S.A.
22. Marfin Bank (România) S.A.
23. MKB Romexterra Bank S.A.
24. OTP Bank Romania S.A.
25. Piraeus Bank Romania S.A.
26. Porsche Bank Romania S.A.
27. ProCredit Bank S.A.
28. Raiffeisen Banca pentru Locuințe S.A.
29. Raiffeisen Bank S.A.
30. RBS Bank (România) S.A.
31. Romanian International Bank S.A.
32. UniCredit Țiriac Bank S.A.
33. Volksbank Romania S.A.

Situation of deposits of natural and legal persons as at December 31, 2009

No.	Indicators	Dec. 31, 2009	Dec 31, 2008	Balance	
				col. 2 – col. 3	col. 4/col. 3 (%)
1.	Number of deposit holders ⁷ - total out of which:	17,332,761	18,274,355	-941,594	-5.2
	- natural persons	16,384,703	17,317,616	-932,913	-5.4
	- legal persons ⁸	948,058	956,739	-8,681	-0.9
2.	Number of guaranteed deposit holders – total, out of which:	17,246,226	18,201,916	-955,690	-5.3
	- natural persons	16,341,779	17,314,901	-973,122	-5.6
	- legal persons	904,447	887,015		
				17,432	2.0
3.	Total deposits (million lei)	270,012.3	256,325.3	13,687.1	5.3
	% of total deposits, out of which:	100	100		
	- in lei	141,720.5	131,580.3	10,140.3	7.7
	- in foreign currency (lei equivalent)	128,291.8	124,745	3,546.8	2.8
4.	Total guaranteed deposits (million lei)	127,217.6	113,252.2	13,965.4	12.3
	% of total deposits, out of which:	47.1	44.2		
	- in lei	78,098.1	73,056.8	5,041.3	6.9
	- in foreign currency (lei equivalent)	49,119.5	40,195.4	8,924.1	22.2
5.	Amount of guaranteed deposits made by natural persons (million lei)	93,616.1	79,813.4	13,802.7	17.3
	% of total guaranteed deposits, out of which:	73.6	70.5		
	- in lei	55,543.4	48,946.1	6,597.3	13.5
	- in foreign currency (lei equivalent)	38,072.7	30,867.3	7,205.4	23.3
6.	Amount of guaranteed deposits made by legal persons (million lei)	33,601.5	33,438.8	162.7	0.5
	% of total deposits, out of which:	26.4	29.5		
	- in lei	22,554.7	24,110.7	-1,556	-6.5
	- in foreign currency (lei equivalent)	11,046.8	9,328.1	1,718.7	18.4
7.	Total non-guaranteed deposits (million lei)	142,794.7	143,073	-278.4	-0.2
	% of total deposits, out of which :	52.9	55.8		
	- in lei	63,622.4	58,523.5	5,098.9	8.7

⁷ The total number of deposit holders is calculated by adding the consolidated data reported by each credit institution so that a person who has deposits with several institutions is recorded several times.

⁸ The category of legal person depositors (guaranteed and non-guaranteed) includes all types of financial and non-financial entities.

Situation of actual payments made compared to payments owed by FGDB, as well as of depositors who requested payment of compensations compared to deposit holders in the payment list

No.	Credit institutions in bankruptcy	Compensation payments made compared to the Fund's obligations according to payment lists - % -	Deposit holders who requested payment compared to total deposit holders in the payment list - % -
1.	Banca Albina	99.7	73.0
2.	Bankcoop	99.2	42.1
3.	Banca Internațională a Religiiilor	99.2	36.2
4.	Banca Română de Scont	90.0	12.2
5.	Banca Turco-Română	88.3	27.2
6.	Banca Columna	10.0	1.2
7.	Nova Bank	15.0	9.2

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