SeeNews

Business Intelligence
for Southeast Europe

Southeast Europe's TOP 100 biggest companies

15th Annual edition

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Letter from the editor

A war in the heels of a pandemic, disrupted energy supplies, soaring prices and a looming recession - these are the words with which we have been living lately.

The SEE TOP 100 ranking of the biggest companies in 2021, however, captures that brief moment when skies had cleared up, the next storm was still behind the horizon and crises had not started piling up. As pandemic-related restrictions dropped, consumption recovered and industries returned to top capacity. Demand for raw materials and energy jumped, boosting the financial results of companies operating in the oil and gas, electricity and metals sectors. The other sectors also rebounded. The top one hundred companies in Southeast Europe (SEE) booked a strong rise in sales and an outstanding growth of profits, exceeding the pre-crisis levels.

Despite the economic upswing, however, challenges to security on various levels – people's health, energy, food, incomes, geopolitics and infrastructure – remained strong.

That is why in this issue of our annual publication we talk about solidarity to an extent like never before.

We talk with Barbara Rambousek, Director Gender and Economic Inclusion at the European Bank for Reconstruction and Development, a major investor in the region, about the bank's crises response packages with a focus on energy and food security and support for SMEs.

Christina Verchere, the CEO of OMV Petrom, the biggest company in the region, explains how it is channelling its actions to contribute to the security of energy supply in Romania and to the country's investment-led economic growth.

We ask the managers of other leading companies, banks and insurers in SEE how they view solidarity from the ESG perspective of corporate strategies.

An analysis by our partners from Raiffeisen Research looks at the impact of the EU's Recovery and Resilience Facility, an unprecedented exercise in solidarity, on the economies of the SEE region.

Throughout the years, we have been sharing with you the stories of local businesses, trying to find out what it takes to be successful. Lately, we have been shifting our perspective as the very meaning of success in business is being redefined. It is no longer measured in financial terms alone, it takes into account what a company is giving back to the world we are all living in. A precarious world in which no business is an island.

Nevena Krasteva,
Editor-in-chief

Aurubis

TOP 100 COMPANIES

in millions of euro

Rank 2021	Rank 2020	Company name	Country	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/loss 2021	Net profit/loss 2020	Rank by net profit/ loss
1	2	OMV Petrom SA	Romania	Petroleum/Natural Gas	6043.5	3808.4	60.36%	546.3	283.7	2
2	1	Automobile-Dacia SA	Romania	Automobiles	4398.0	3814.4	16.52%	101.3	61.2	23
3	3	OMV Petrom Marketing SRL	Romania	Petroleum/Natural Gas	3858.8	2996.8	30.12%	102.0	67.4	22
4	9	Petrol d.d.	Slovenia	Petroleum/Natural Gas	3858.6	2468.8	56.29%	66.5	28.9	32
5	4	Aurubis Bulgaria AD	Bulgaria	Metals	3781.6	2761.6	36.93%	149.4	135.4	15
6	12	GEN-I d.o.o.	Slovenia	Electricity	3617.6	2148.6	68.37%	73.5	14.7	28
7	5	Lidl Discount SRL	Romania	Wholesale/Retail	3056.5	2667.5	15.79%	149.9	155.3	14
8	15	INA d.d.	Croatia	Petroleum/Natural Gas	3046.0	1900.4	60.02%	169.2	-123.8	13
9	75	Independent Bulgarian Energy Exchange EAD	Bulgaria	Electricity	3030.8	700.4	332.70%	4.0	3.0	81
10	8	JP Elektroprivreda Srbije	Serbia	Electricity	2867.7	2566.5	12.07%	-127.1	101.1	99
11	6	Kaufland Romania SCS	Romania	Wholesale/Retail	2847.8	2650.7	8.57%	180.3	199.3	12
12	30	Prvo Plinarsko Drustvo d.o.o.	Croatia	Petroleum/Natural Gas	2798.6	1298.8	115.11%	34.8	30.1	43
13	17	Holding Slovenske Elektrarne d.o.o.	Slovenia	Electricity	2746.3	1870.7	46.81%	18.9	-226.9	56
14	18	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	2646.1	1800.0	48.56%	-91.7	-132.6	97
15	13	Rompetrol Downstream SRL	Romania	Petroleum/Natural Gas	2510.7	1936.4	31.03%	18.8	20.4	57
16	10	British American Tobacco (Romania) Trading SRL	Romania	Food/Drinks/Tobacco	2495.2	2363.3	6.70%	31.2	28.4	47
17	62	Belektron d.o.o.	Slovenia	Financial Services	2460.6	818.0	200.82%	77.8	9.5	27
18	22	Naftna Industrija Srbije AD	Serbia	Petroleum/Natural Gas	2423.8	1483.5	63.86%	196.7	-50.4	11
19	7	Ford Romania SA	Romania	Automobiles	2376.4	2575.4	-6.75%	12.5	15.9	69
20	29	Natsionalna Elektricheska Kompania EAD	Bulgaria	Electricity	2106.7	1311.0	60.70%	332.4	23.7	6
21	11	Dedeman SRL	Romania	Wholesale/Retail	2093.0	2182.5	-3.09%	341.1	298.7	5
22	19	Johnson Matthey DOOEL	North Macedonia	Chemicals	2077.1	1742.0	19.02%	79.8	68.4	25
23	14	Profi Rom Food SRL	Romania	Wholesale/Retail	2071.1	1902.8	9.99%	-26.6	-25.5	93
24	36	Gorenje d.o.o.	Slovenia	Electronics	2062.2	1219.9	69.05%	-1.2	-11.5	86
25	41	Liberty Galati SA	Romania	Metals	2032.7	1079.5	90.29%	276.4	-10.5	7
26	16	Carrefour Romania SA	Romania	Wholesale/Retail	1945.1	1877.5	4.69%	67.0	48.4	31
27	new	Compania Nationala de Administrare a Infrastructurii Rutiere SA - CNAIR	Romania	Construction	1741.5	1168.7	50.59%	12.3	1.8	70
28	57	Astra Bioplant EOOD	Bulgaria	Petroleum/Natural Gas	1706.1	860.9	98.19%	116.1	20.2	19
29	27	Engie Romania SA	Romania	Petroleum/Natural Gas	1665.0	1394.1	20.69%	14.3	102.4	66
30	40	Lukoil-Bulgaria EOOD	Bulgaria	Petroleum/Natural Gas	1649.7	1109.7	48.67%	38.5	4.9	40
31	38	MOL Romania Petroleum Products SRL	Romania	Petroleum/Natural Gas	1615.8	1146.5	42.42%	71.1	57.7	30
32	34	Lukoil Romania SRL	Romania	Petroleum/Natural Gas	1612.4	1229.2	32.56%	32.6	30.7	45
33	23	Mega Image SRL	Romania	Wholesale/Retail	1521.4	1488.1	3.32%	21.9	32.8	55
34	26	Dante International SA	Romania	Wholesale/Retail	1505.3	1395.3	9.03%	-37.0	22.0	94
35	32	Metro Cash & Carry Romania SRL	Romania	Wholesale/Retail	1490.2	1270.4	18.54%	13.3	15.9	68
36	51	E.ON Energie Romania SA	Romania	Petroleum/Natural Gas	1455.3	919.9	59.87%	9.8	-1.2	73
37	21	Star Assembly SRL	Romania	Automobiles	1448.0	1530.2	-4.37%	66.3	49.8	33
38	28	Konzum Plus d.o.o.	Croatia	Wholesale/Retail	1425.8	1334.6	6.66%	5.4	-33.6	79
39	24	Krka d.d.	Slovenia	Pharmaceuticals	1412.7	1484.0	-4.80%	245.2	258.5	8
40	84	AETs Kozloduy EAD	Bulgaria	Electricity	1391.9	652.1	113.44%	455.2	141.0	3
41	33	Hrvatska Elektroprivreda d.d.	Croatia	Electricity	1379.4	1251.7	10.02%	140.9	185.9	17
42	64	Hidroelectrica SA	Romania	Electricity	1351.0	807.9	68.98%	613.6	298.1	1
43	35	Lek d.d.	Slovenia	Pharmaceuticals	1298.9	1222.9	6.22%	147.0	140.3	16
44	37	Orange Romania SA	Romania	Telecommunications	1298.8	1181.8	11.06%	121.3	94.7	18
45	39	Auchan Romania SA	Romania	Wholesale/Retail	1287.8	1142.1	13.95%	17.3	20.7	61
46	56	Romgaz SA	Romania	Petroleum/Natural Gas	1274.4	863.1	49.21%	398.8	262.6	4
47	31	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	1239.6	1247.4	-0.63%	-3.1	-55.4	88
48	42	Altex Romania SRL	Romania	Wholesale/Retail	1226.5	1073.3	15.48%	26.3	25.3	51
49	43	Electrica Furnizare SA	Romania	Electricity	1222.3	1056.6	16.90%	-94.1	47.9	98
50	25	Revoz d.d.	Slovenia	Automobiles	1220.3	1401.2	-12.91%	5.8	-1.6	78

in millions of euro

Rank 2021	Rank 2020	Company name	Country	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/loss 2021	Net profit/loss 2020	Rank by net profit/loss
51	86	Ameropa Grains SA	Romania	Agriculture	1172.2	648.1	82.79%	12.1	0.9	71
52	98	HBIS Group Serbia Iron & Steel DOO	Serbia	Metals	1123.2	563.2	100.03%	201.9	-51.6	10
53	47	REWE (Romania) SRL	Romania	Wholesale/Retail	1101.1	975.6	14.05%	25.0	17.5	53
54	new	Bulgargaz EAD	Bulgaria	Petroleum/Natural Gas	1091.9	360.0	203.28%	32.7	20.3	44
55	new	Interenergo d.o.o.	Slovenia	Electricity	1088.4	462.1	135.52%	2.9	1.1	82
56	85	Serbia Zijin Copper DOO	Serbia	Metals	1075.4	660.6	63.27%	202.2	71.7	9
57	68	JP Srbijagas	Serbia	Petroleum/Natural Gas	1031.7	781.0	32.49%	32.1	25.5	46
58	74	Saksa OOD	Bulgaria	Petroleum/Natural Gas	1029.4	720.4	42.89%	9.6	8.3	74
59	48	Delhaize Serbia DOO	Serbia	Wholesale/Retail	1026.9	964.0	6.84%	25.3	33.5	52
60	78	Impol d.o.o.	Slovenia	Metals	1024.4	680.9	50.45%	36.5	7.4	42
61	46	Vodafone Romania SA	Romania	Telecommunications	1005.1	978.0	3.85%	-83.5	-44.0	96
62	45	Samsung Electronics Romania SRL	Romania	Electronics	987.9	1014.6	-1.60%	15.2	20.1	63
63	59	Robert Bosch SRL	Romania	Automobiles	987.9	827.2	20.69%	23.4	12.0	54
64	54	Kaufland Bulgaria EOOD & Co KD	Bulgaria	Wholesale/Retail	970.2	889.6	9.06%	60.5	43.4	34
65	58	RCS & RDS SA	Romania	Telecommunications	969.9	855.2	14.61%	102.9	50.0	21
66	53	Fildas Trading SRL	Romania	Wholesale/Retail	966.1	896.4	8.92%	43.0	32.9	38
67	new	Tinmar Energy SA	Romania	Electricity	961.2	512.3	89.59%	29.0	23.1	49
68	60	Telekom Srbija AD	Serbia	Telecommunications	960.6	823.0	17.06%	111.8	47.0	20
69	new	Complexul Energetic Oltenia SA	Romania	Electricity	957.9	484.3	99.89%	-309.6	-192.9	100
70	52	Mediplus Exim SRL	Romania	Wholesale/Retail	954.6	910.8	5.91%	14.8	24.8	65
71	71	Elektrodistribucija Srbije DOO	Serbia	Electricity	897.1	772.1	16.52%	0.3	-15.5	83
72	63	Tigar Tyres DOO	Serbia	Rubber/Rubber Products	890.4	814.3	9.66%	77.9	78.6	26
73	new	Spar Slovenija d.o.o.	Slovenia	Wholesale/Retail	874.3	827.0	5.71%	16.7	10.4	62
74	66	Lidl Hrvatska d.o.o. k.d.	Croatia	Wholesale/Retail	872.0	803.4	8.53%	50.5	36.5	36
75	80	Michelin Romania SA	Romania	Rubber/Rubber Products	860.0	666.0	30.48%	29.1	13.3	48
76	89	Cargill Agricultura SRL	Romania	Agriculture	857.1	638.3	35.68%	6.5	6.4	77
77	61	Selgros Cash & Carry SRL	Romania	Wholesale/Retail	843.7	822.0	3.73%	13.5	12.8	67
78	new	Crodux Derivati Dva d.o.o.	Croatia	Petroleum/Natural Gas	834.4	511.8	62.76%	12.0	12.0	72
79	72	Autoliv Romania SRL	Romania	Automobiles	834.0	738.2	14.17%	-6.1	-10.0	89
80	65	Alliance Healthcare Romania SRL	Romania	Wholesale/Retail	830.6	806.5	4.08%	18.5	16.1	58
81	69	Hrvatski Telekom d.d.	Croatia	Telecommunications	809.8	780.0	3.64%	88.5	93.4	24
82	new	ADM Romania Trading SRL	Romania	Transportation	809.7	43.9	1766.02%	14.9	-0.1	64
83	44	CFR SA	Romania	Transportation	805.5	1044.1	-22.04%	-1.8	-57.8	87
84	76	Lidl Bulgaria EOOD and KO KD	Bulgaria	Wholesale/Retail	802.2	693.0	15.75%	37.9	33.6	41
85	new	Oscar Downstream SRL	Romania	Petroleum/Natural Gas	782.6	425.6	85.84%	60.4	31.8	35
86	73	Renault Commercial Roumanie SRL	Romania	Automobiles	774.5	737.6	6.12%	8.3	1.7	75
87	new	Interbrands Orbico SRL	Romania	Wholesale/Retail	771.8	291.1	167.87%	4.2	4.9	80
88	new	Transelectrica SA	Romania	Electricity	764.5	488.2	58.25%	0.1	29.8	84
89	new	Geoplin d.o.o.	Slovenia	Petroleum/Natural Gas	762.4	397.0	92.06%	17.5	15.2	60
90	new	Oliva AD	Bulgaria	Food/Drinks/Tobacco	759.7	517.1	46.91%	72.0	23.1	29
91	new	Sofia Med AD	Bulgaria	Metals	743.3	491.6	51.20%	27.1	9.0	50
92	90	Hella Romania SRL	Romania	Automobiles	732.2	630.9	17.29%	17.7	26.0	59
93	88	Alro SA	Romania	Metals	725.2	640.0	14.50%	7.2	60.6	76
94	new	Viterra Romania SRL	Romania	Agriculture	718.9	466.3	55.80%	-1.1	0.1	85
95	new	Continental Automotive Systems SRL	Romania	Automobiles	717.8	744.6	-2.59%	-49.6	47.4	95
96	92	Bingo d.o.o. Tuzla	Bosnia and Herzegovina	Wholesale/Retail	716.3	620.2	15.49%	44.1	34.9	37
97	87	Porsche Romania SRL	Romania	Automobiles	709.4	646.9	10.81%	40.5	35.0	39
98	77	Mercator-S DOO	Serbia	Wholesale/Retail	702.2	692.9	1.65%	-13.9	-46.7	90
99	95	Enel Energie SA	Romania	Electricity	701.8	596.8	18.84%	-22.1	28.3	92
100	new	Arctic SA	Romania	Electronics	698.7	556.5	26.88%	-14.8	21.4	91

2021: SEE TOP 100 companies shake off pandemic gloom

By Nevena Krasteva

As governments lifted pandemic-related restrictions and domestic demand started to recover, companies in Southeast Europe (SEE) closed 2021 with better-than-expected financial results. The top one hundred companies in the region posted a solid rise in sales and a remarkable growth in profits, exceeding the pre-crisis levels. The economic rebound benefitted most the companies operating in the oil and gas, electricity and metals sectors as demand for raw materials and energy jumped. At the same time, lingering supply chain disruptions continued to curb production in various sectors. In particular, for manufacturers of automobiles and car parts, traditionally among the top performers in the region, shortages of semi-conductors remained a pressing issue.

By the second quarter of 2021, as the pandemic was losing its edge, economic recovery was already well underway across the region, with Romania, Croatia, Serbia and Slovenia posting 13-16% growth of their gross domestic product (GDP). Capacity utilisation in industry was returning to pre-crisis levels and the services were trying to catch up with growing consumer demand. National governments and the EU continued to pour out billions of euro to spur investments. At the same time, disruptions in supply chains, especially deliveries of Asian-made components, persisted. Inflation was quickening, demand for raw materials and energy was growing and prices were highly volatile. Signs of overheating started to show up across the region. By December, Romania's industrial producer prices were 33% higher than a year earlier and labour demand in Croatia and Slovenia had reached record highs. For the full year, the countries in the region registered a GDP increase by 8% on average, following a 6% slide in 2020.

Against this backdrop, the SEE TOP 100 companies booked combined revenues of 153.8 billion euro, 28% higher than the total revenues of the entrants in the ranking a year earlier and surpassing by far the 129.3-billion euro level reached in 2019. The rise in profits was even more remarkable - by 83% to 6.4 billion euro. By comparison, the profit of the SEE TOP 100 companies totalled 3.5 billion euro in 2020, 4.7 billion euro in 2019 and 5.7 billion euro in 2018.

The threshold for entry into the SEE TOP 100 ranking too rose. The last entrant booked 699 million euro in sales – an amount which would have put a company at the 76th place in 2020 and at the 43rd position ten years earlier.

In 2021, only nine companies reported lower revenues than a year earlier, as compared to half of the entrants in the ranking in 2020. Eight companies posted a three-digit increase in sales, and one – the Romanian unit of a global grain trader - booked a four-digit growth rate.

Economic recovery pumps up energy companies' sales

The strong increase in post-pandemic demand lifted the energy companies' bottom lines, offsetting volatility in prices at the beginning of the year.

The oil and gas industry emerged as the top performer in terms of both revenues and profit, replacing the 2020 winner — the wholesale/retail sector. The oil and gas companies in SEE TOP 100, which a year earlier saw their combined revenue shrink by a quarter as a result of the economic slump, travel bans and low commodity prices, increased their aggregate revenue by 54% in 2021, while profits more than doubled.

OMV Petrom reclaims no. 1 seat

After a seven-year break, Romania's largest oil and gas producer OMV Petrom returned to the top of the ranking, ousting automobile maker Dacia.

OMV Petrom booked a 60% increase in sales to 6.0 billion euro, well ahead of second-placed Automobile Dacia with 4.4 billion euro. In terms of profit, it ranked second with 546.3 million euro. The oil and gas group attributes its outstanding performance to higher commodity prices and refining margins, excellent asset utilisation and increased energy demand, which offset lower hydrocarbon production, cost inflation and increased upstream taxation. OMV Petrom is active along the entire energy value chain - from exploration and production of oil and gas, to refining and fuel distribution, and further on to power generation and marketing of gas and electricity. OMV Petrom also benefits from the expertise and international exposure of its majority shareholder, Austria's OMV.

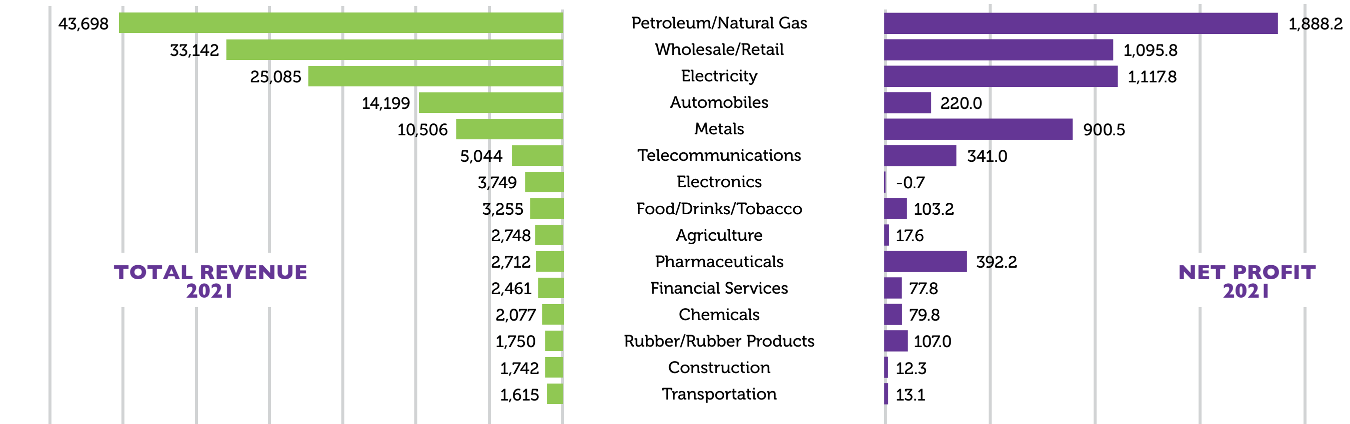
Automobile Dacia, a unit of France's Renault, slid to the second place in the ranking despite a 17% increase in revenue. In terms of profit, the company ranks 23rd. Like other car manufacturers, its performance continued to suffer from shrunken demand and electronic components shortage.

Hidroelectrica boosts performance ahead of planned IPO

In terms of profit, the leader is Romanian hydropower producer Hidroelectrica. The company ended 2021 with a profit of 614 million euro and a 45% return on revenue on the back of a surge in electricity sales. The company is preparing for an initial public offering (IPO) next year, expected to be the biggest in Romania's history, in which investment fund Fondul Proprietatea will seek to raise 2 billion euro. Hidroelectrica is 80.06% owned by the Romanian state, while Fondul Proprietatea owns 19.94%. The company has in its portfolio 209 hydro power plants with a total installed capacity of 6,482 MW and a 108 MW wind farm.

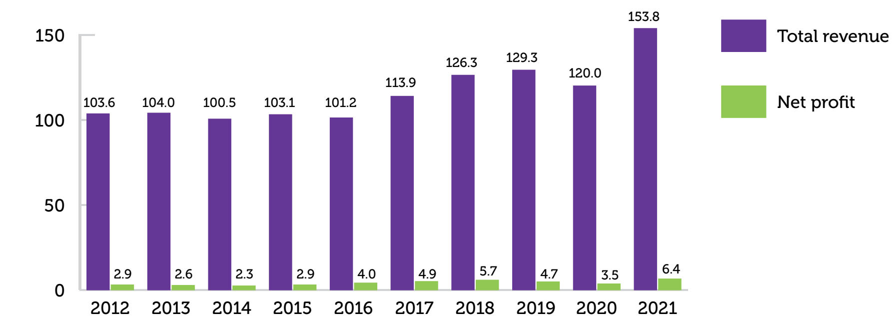
BREAKDOWN BY INDUSTRY

(In millions of euro)



TOP 100 COMPANIES COMBINED FINANCIAL RESULTS IN 2012 - 2021

(In bilions of euro)



Hidroelectrica is not the only electricity company in the region to post excellent results. Slovenia's GEN-I, the Independent Bulgarian Energy Exchange (IBEX) and JP Elektroprivreda Srbije are keeping it company in the top 10 of the ranking. It should be noted here that the IBEX and two Slovenian companies - Belektron, a trading company with a focus on carbon emission allowances, and energy group Interenergo - posted three-digit increases in revenues.

The spike in demand for metals and the consequent surge in prices was good news for metal companies and three of them - Serbia Zijin Copper, HBIS Group Serbia Iron&Steel, and Romania's Liberty Galati - are among the most profitable entrants in the ranking.

Oil and gas, electricity and metals companies make up the top ten in the SEE TOP 100, the only exception being Automobile Dacia. Furthermore, half of all new entrants in the ranking are coming from these sectors.

Looking at the new entrants, one company deserves special mention. ADM Romania, a subsidiary of Dutch-registered food company Archer Daniels Midland Europe B.V., which in turn is part of US-based global grain trader ADM Company, increased its revenue almost 19 times last year. ADM Romania is one of the largest port operators in the country, handling grains and non-food commodities such as coal and iron ore, along the Danube and across the Black Sea. It was the second largest grains importer and the sixth largest grains exporter in Romania last year. In 2021, the parent company acquired Serbian soy ingredients provider Sojaprotein and in 2022 it opened an extrusion facility in Serbia to meet rising demand. The company seems set for even more rapid growth in 2022 after global commodity prices hit record highs last year, as the Russian invasion of Ukraine redirected a large part of the traffic in the Black Sea to the Romanian Black Sea port of Constanta.

METHODOLOGY

SEE TOP 100 ranks the biggest companies in Southeast Europe by total revenue for the fiscal year ended December 31, 2021. Both 2021 figures and 2020 comparative counterparts are sourced from 2021 annual non-consolidated reports. The SEE TOP 100 ranking covers non-financial companies registered in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, North Macedonia, Moldova, Montenegro, Romania, Serbia and Slovenia. Banks, investment intermediaries, insurers and real estate investment trusts (REITs) are excluded from the ranking as total revenue is not an accurate indicator of their performance. We have compiled separate rankings of the largest 100 banks and insurers. Holding companies, on the other hand, are represented in the ranking by their subsidiaries. All data is sourced from national commercial registers, stock exchanges, government and corporate websites, industry regulators, local business information providers and companies themselves. The initial pool of companies exceeds 2,900. The ranking does not include companies that declined or failed to provide financial results by the time SEE TOP 100's content was finalised. To allow comparison, all local currencies in the rankings have been converted into euro, using the respective central bank's official exchange rate on the last working day of 2021 and 2020. Year-on-year changes in the companies' financial indicators have been calculated using the figures in the original currency. Elsewhere, local currency figures referencing past periods have been converted into euro using the respective central bank exchange rate as of the end of the relevant period while all other local currency figures have been converted using the exchange rate as of the date the relevant editorial content was finalised.

We are channeling our actions to contribute to Romania's energy security

By Nicoleta Banila

Christina Verchere,
OMV Petrom CEO

OMV Petrom's first-half results give grounds to expect another year of outstanding performance despite the ongoing market volatility. What are your projections for your full-year financial results?

This is a year like no other for the global economy. We are experiencing unprecedented market imbalances, volatile commodity prices, security of supply concerns, and supply chain disruptions. Inflationary effects are eroding consumer earnings and generating demand destruction. This challenging landscape is the consequence of the response to the war in Ukraine, which overlapped with already overheated energy markets that were stretched due to the strong increase of the post-pandemic demand. At the same time, governments are trying to protect vulnerable consumers; however, some of the regulatory changes and market interventions are exacerbating the market volatility.

Given these uncertainties, we are channeling our actions to contribute to the security of energy supply in Romania and also to the country's investment-led economic growth. We are an energy company, and our goal is to continue uninterrupted deliveries of gas, electricity and fuels to our customers.

How do you offset the risks linked to disrupted Russian gas flows to Europe?

Romania is the second largest EU natural gas producer and has a relatively lower import dependency as compared to its neighbours. Having its own natural resources is a defining advantage for Romania's energy security. Currently, we are replenishing the gas storage needs in accordance with the obligation in place for winter consumption, and we will be compliant in terms of quantities. Our equity gas should be sufficient to cover the current needs of our customers. Additionally, we are actively working on diversifying our supply sources to strengthen the security of supply.

In the Upstream segment, do you have plans for new drilling campaigns and exploration licenses?

We planned investments for this year worth about 4 billion lei, depending on the economic environment. This is an increase of almost 50% compared to last year. Regarding the upstream segment, we plan investments amounting around 2.6 billion lei. The number of total wells planned to be drilled in 2022 is expected at around 60. However, starting in mid-2021, the cost per well drilled has increased. We also plan for this year around 600 workovers.

4 bln lei

Planned investments for 2022

What is the current status of the Neptun Deep project?

As I previously said, the greatest advantage for Romania's energy security is the fact that it has access to its own resources. However, this is a fragile position because Romania has mature and declining onshore gas production. In this context, Neptun Deep is a strategic project for Romania's energy security and, as well, for the energy transition. To increase the country's natural gas production, it is essential to develop the Neptun Deep gas resources.

Regarding the status of the project, we have an international project team in place, highly qualified and experienced. And we work closely with our joint venture partner, Romgaz. We look forward to having all the prerequisites in place in order to progress with the project and bring the natural gas into the system. However, clarifications on the Offshore Law are still needed from the authorities. I am certain that the Romanian authorities understand the strategic importance of the Neptun Deep project and I am sure that we will receive the clarifications we have requested as soon as possible.

To increase the country's natural gas production, it is essential to develop the Neptun Deep gas resources

In the Downstream sector, what investments do you plan in the Petrobrazi refinery?

The refining sector is preparing to go through a period of profound transformation in the coming years. It will have to meet both the current mobility needs, and at the same time, work to reduce the CO2 emissions of the sector.

In 2021, we launched our Strategy 2030, putting forward the largest investment plan in the Romanian energy sector, of 11 billion euro. A third of these investments, approximately 3.7 billion euro will go to low and zero carbon solutions.

And we are proud that Petrobrazi is the first refinery in Romania to produce sustainable aviation fuel. We recently announced, in July, the production of the first batch of SAF at Petrobrazi, based on locally produced rapeseed oil. We aim to increase our production capacities in the future, in order to produce advanced sustainable fuels based on various waste feedstocks, such as used cooking oil.
At the same time, we are working to implement an innovative technology for carbon capture and utilization, as part of a European consortium.

How are you progressing towards meeting your strategic goal to reduce your carbon footprint?

We are committed to support the energy transition. Sustainability is at the core of our activity, and we make continuous efforts to reduce the carbon emissions from our operations. In 2021, our GHG intensity declined by 10% versus 2019, throughout all business segments. This effort takes us closer to our -30% target by 2030 versus 2019.
Our strategy was built on the sustainability frame and that means a continuous focus on people and communities, on responsible operations, as well as on innovation and digitalization. We target net zero carbon operations by 2050 and we are also committed to supporting our customers in reducing their carbon emissions.

We target net zero carbon operations by 2050

EBRD to help SEE countries face energy, food security issues, support SMEs

By Nevena Krasteva

Barbara Rambousek,
Director Gender and
Economic Inclusion, EBRD

The European Bank for Reconstruction and Development (EBRD) is a top investor in Southeast Europe. It has been investing over a billion euro per year in the Western Balkans in the past years. In Bulgaria, Croatia and Romania, the EBRD's investments in 2021 totalled 970 million euro.

The Covid crisis and the war in Ukraine deepened divides within societies in Southeast Europe (SEE), as well as between this region and Western Europe. How is the European Bank for Reconstruction and Development (EBRD) helping bridge these gaps?

The Covid pandemic had a huge effect on exacerbating inequalities across a range of different areas. If you look at women for example, they shouldered the bulk of responsibilities during the Covid period and were more affected by changes in the labour market when some industries basically had to shut down.

Women-led enterprises in sectors that were substantially affected, the service sector for example, very often had to close for long periods of time. Gender-based violence too is always an issue, and particularly so during crises. Women were exposed to a number of additional barriers and risks, and so were young people. Their education was interrupted, creating huge, sometimes life-long challenges in terms of earnings and opportunities to complete their education and enter the labour market, which is always a difficult process, but particularly hard during times of crises.

Regional inequalities too were exacerbated, for example as a result of the challenges the tourism industry faced and the implications that this had on the economies of the affected regions. Also, global value chains are changing. The challenges really have been multiple.

And now, on top of that, the war that is being waged in Ukraine has a huge impact on Ukraine itself, but also on the surrounding regions. Bulgaria and Romania are seeing a huge influx of refugees coming into the countries. The energy security challenges, which were already there even before the Ukrainian crisis, are now exacerbated. In terms of food security, wheat imports from Ukraine and Russia too are having an impact on global commodity prices in this context. The challenges arising from these two crises are multiple, one overlaying the other.

The challenges arising from these two crises are multiple, one overlaying the other

Initially, as part of the Covid response crisis, we put together a Resilience Framework that specifically looked at supporting our countries of operation. For example, if you look at the people aspect in relation to enabling SMEs to continue to access finance, there is a lot of support to the banking sector and entrepreneurship, including women in business. We also work with corporate clients to help them understand to what extent they need to downscale their workforce, at least temporarily, and how can they do that in an inclusive way, without disproportionately affecting for example women or young labour market entrants.

Yet some corporate clients actually had to upscale. We had clients in the retail sector who suddenly had to provide all their services online. They had to upscale very fast and recruit huge numbers of people, and we helped them do that, making sure that equal opportunities and labour market standards were met in this context.
At the same time, we continued with our infrastructure investments, with a special focus on inclusive infrastructure in this context.

We had this entire crisis response package, and then, with the war in Ukraine, we had to come up with a second crisis response package, which we have called a Resilience and

Livelihoods Package with the important stress in my view on the livelihood aspect. We really see the centrality of making sure that whatever crisis response we put in place, it focuses on the people affected – on the refugees, on the host communities, and the challenges that they both face.

Specifically, in the context of the Ukraine, our resilience framework is about energy security, about food security, and in affected countries beyond Ukraine itself, it is about supporting SMEs that may have supply chain challenges with advisory services, about working with the banking system to ensure that they keep lending to SMEs, but also about capacity building for SMEs to know how to handle this situation. We work with corporate clients to employ refugees, to continue to offer employment opportunities to the local population, reskilling and upskilling and whatever is required. And then on the infrastructure side, it is about particularly working with those communities that promptly have to deal with the longer-term consequences of this influx of refugees. We know from World Bank data and from experience within the UN that refugee crises are not short-term. On average, if you look at the 26 million refugees globally, they tend to stay an average ten years in another country. We need to work with the affected communities to find a solution in terms of housing, transport infrastructure, and municipal infrastructure. That's another very important aspect of what we are doing.

We have talked about the challenges related to the influx of refugees, but what about the outflow of people from Southeast Europe? What incentives could countries in SEE offer now, in this context, to attract young entrepreneurs?

Rather than try and prevent people from emigrating, countries can focus on circular migration

I think there are a lot of things that can be done. We are working in our countries of operations with our key partners and with the International Organization for Migration (IOM) to strengthen the focus on circular migration.

In a way, particularly in the Western Balkans, we have the perfect storm. We have very low female labour market participation, we have high outward migration and we have also low engagement in the labour market of all the workforces, people tend to stop working early, the retirement age is still relatively low. The size of the workforce that is left is too small. I think that what countries really can do, rather than try and prevent people from emigrating, which is a very difficult thing to do, is to focus on circular migration.

There are some really interesting schemes that the IOM and the International Centre for Migration Policy Development (ICMPDN) have, that we are looking to support, where you enable people to go abroad, gain experience but then encourage them to come and bring back that experience in the form of entrepreneurship and investments. Through labour market policies you can give an incentive for people to come back and bring back their human capital into the countries. We had our very successful Women in Business programmes in Southeast Europe and we are now looking to transfer that particular approach also towards younger entrepreneurs. Together with our partner financial institutions we are looking to target that group and to develop services and products that from a financial point of view support young entrepreneurs to further grow their businesses, to provide them with access to finance, also coupled with advisory services and know-how and networking and capacity building.

From our side the focus is on building the capacity in the banking sector to recognise young people as a viable market segment that is worth investing in. But at the same time it is also an incentive for young people to either stay or in many cases return. We see some very impressive examples of young entrepreneurs who have come back to their countries. We have some very interesting examples of young entrepreneurs who came back to Bosnia with some business ideas and who have set up there their businesses very successfully.

In the Western Balkans, we have the perfect storm. We have very low female labour market participation, high outward migration, low engagement in the labour market of all workforces, and the retirement age is still relatively low

Aurubis launches engineering hub in Sofia and works on its "centres of excellence"

Tim Kurth,
Aurubis Bulgaria CEO

Aurubis Bulgaria is part of Aurubis AG, a leading multimetal producer and world's largest copper recycler based in Hamburg, Germany. The company is the largest industrial taxpayer in the country and has a structural importance for the economy of Bulgaria. Aurubis Bulgaria main activities are processing of copper concentrates, production of cathode copper registered on the London Metal Exchange as Pirdop brand, of copper anodes and co-products such as sulfuric acid and iron silicate.

Aurubis Group is planning to launch a new office in Sofia. What are the reasons for this decision?

To answer this question, we will have to go a little bit back in history. When Aurubis took over the smelter in Srednogorie region, located between the towns Pirdop and Zlatitsa we were mainly focused on the operations at the plant. At the time, we needed just a small representative office in Sofia mostly for business meetings. We came up with the idea to enlarge the capabilities of the Bulgarian organisation. We will establish a new service centre in Sofia and its activities will be linked to the core business of the Group. For the shared service unit, we are recruiting engineers and IT specialist who would focus on strategic business expansion projects and innovation for Aurubis international network of plants.

I'm happy to add that we are not only expanding in Sofia. In our production plant we used to have a laboratory which was responsible only for the needs of the Pirdop smelter. Over time, our lab covered higher international quality standards. We realised that we had a significant cost logistic benefit in Bulgaria that remained unused. We took over the activities and the analytical services of several plants within the group in Hamburg and Luenen in Germany and our two plants in Belgium.

We realised that we had a significant cost logistic benefit in Bulgaria that remained unused

We recently had a ground-breaking ceremony for a new recycling smelter in Richmond, in the US state of Georgia, and it is foreseen that all the laboratory analyses for that plant will be performed here.

Another exciting project is again focusing on our plant and the development of our personnel in Srednogorie region. It will be our approach to face an increasing gap for the entire industry – the knowledge transfer from experienced professionals to new generations of motivated employees.

The Aurubis Bulgaria Centre for Development (ABCD centre) will be created in a fully renovated historic building within our plant premises. The certified centre will focus on dual-education students, university graduates and continued development of employees with over 800 users annually: apprentices, internship students, trainees and visitors.

All laboratory analyses for the recycling smelter in Richmond will be performed here

How many jobs will be created with these projects?

With the expansion of our laboratory we are expecting to create approximately 30 new highly qualified working places, while in the new Sofia office another 50 will be opening in time, starting with 25 at the first stage.

When do you plan to open the new office in Sofia?

The design is aligned and we expect that in October or November at the latest we can have a small opening event. However, we are not waiting until then to start the hiring process. Our current office is good enough to accommodate several new colleagues and the first six engineers have already joined us.

What type of projects are these?

These are mainly growth projects that will involve introducing new technologies.

Our new colleagues are already working on projects in Germany and Belgium. I would say that some 80% of the projects that the centre will work on will originate outside Bulgaria. Currently we have teams working with Group Controlling and Purchasing functions and we might need to extend further.

Some 80% of the projects that the centre will work on will originate outside Bulgaria

Energy companies book highest profits in 2021, Hidroelectrica retains top spot

By Dragana Petrushevska

Companies from the electricity, oil and gas sectors topped the 2021 ranking of the most profitable companies in SEE, extending a trend that had started a year earlier. At the same time, however, energy price volatility led to major losses for some sector players.

Romanian state-owned hydropower producer Hidroelectrica cemented its position as the most profitable company in SEE, boosting its return on revenue to 45% in 2021 from 37% in 2020. Hidroelectrica's stellar 2021 results followed an increase in its electricity sales, which reached 17.11 TWH, up 7% on the year. In 2021, Hidroelectrica made headway with its IPO plans. Romanian investment fund Fondul Proprietatea intends to float up to 19.94% interest in the company in the first half of 2023.

Bulgaria's AETs Kozloduy, the country's only nuclear power plant and its biggest electricity producer, claimed the second position in the ranking after coming in third a year earlier. The company's return on revenue increased to 33% in 2021 from 22% in the prior year, supported by a sharp rise in electricity prices in the second half of the year.

Romanian natural gas producer Romgaz was the region's third most profitable company in 2021, dropping one spot within a year. The company slightly increased its return on revenue - to 31% in 2021 from 30% in 2020. In 2021, Romgaz produced 5.029 billion cu m of natural gas, up 11% on the year, whereas its electricity production fell 32% to 640 GWh.

Romanian energy company Complexul Energetic Oltenia led the money losers chart, widening its net loss to 309.6 million euro in 2021 from 192.9 million euro in 2020. The company, Romania's third largest electricity producer, has been undergoing a government-backed restructuring process after facing financial difficulties. Serbia's state-owned power utility JP Elektroprivreda Srbije was second on the list after swinging to a net loss of 127.1 million euro in 2021 from a net profit of 101.1 million euro a year earlier, mostly due to changes in currency rates.

The top three losers ranking was closed by another electricity company, Romania's Electrica Furnizare. It booked a net loss of 94.1 million euro in 2021, after generating a net profit of 47.9 million euro in 2020, as a result of higher costs.

The biggest earners list included four new entrants, two of which are based in Serbia, one in Bulgaria and one in Romania. Romania was best represented with four entrants. Serbia followed with three companies, whereas Bulgaria and Slovenia had two and one entrant, respectively.

Romania also dominated the money losers chart, as nine out of ten companies which booked the greatest losses in 2021 are based in that country. The only other company in the ranking is based in Serbia.

METHODOLOGY

Most profitable companies is a ranking of the top 10 companies with the highest return on revenue in SEE TOP 100. Return on revenue is calculated as net profit divided by total revenue, both in euro terms. To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2021 and 2020, respectively.
Money losers is a ranking of 10 companies with the most significant losses in SEE TOP 100. To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2021 and 2020, respectively.

MOST PROFITABLE COMPANIES

No	SEE TOP 100 No	Company name	Country	Industry	Return on revenue 2021	Return on revenue 2020
1	42	Hidroelectrica SA	Romania	Electricity	45.42%	36.90%
2	40	AETs Kozloduy EAD	Bulgaria	Electricity	32.70%	21.62%
3	46	Romgaz SA	Romania	Petroleum/Natural Gas	31.30%	30.43%
4	56	Serbia Zijin Copper DOO	Serbia	Metals	18.80%	10.85%
5	52	HBIS Group Serbia Iron & Steel DOO	Serbia	Metals	17.97%	-9.17%
6	39	Krka d.d.	Slovenia	Pharmaceuticals	17.36%	17.42%
7	21	Dedeman SRL	Romania	Wholesale/Retail	16.30%	13.69%
8	20	Natsionalna Elektricheska Kompania EAD	Bulgaria	Electricity	15.78%	1.81%
9	25	Liberty Galati SA	Romania	Metals	13.60%	-0.98%
10	68	Telekom Srbija AD	Serbia	Telecommunications	11.64%	5.71%

MONEY LOSERS

in millions of euro

No	SEE TOP 100 No	Company name	Country	Industry	Net loss 2021	Net profit/loss 2020
1	69	Complexul Energetic Oltenia SA	Romania	Electricity	-309.6	-192.9
2	10	JP Elektroprivreda Srbije	Serbia	Electricity	-127.1	101.1
3	49	Electrica Furnizare SA	Romania	Electricity	-94.1	47.9
4	14	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	-91.7	-132.6
5	61	Vodafone Romania SA	Romania	Telecommunications	-83.5	-44.0
6	95	Continental Automotive Systems SRL	Romania	Automobiles	-49.6	47.4
7	34	Dante International SA	Romania	Wholesale/Retail	-37.0	22.0
8	23	Profi Rom Food SRL	Romania	Wholesale/Retail	-26.6	-25.5
9	99	Enel Energie SA	Romania	Electricity	-22.1	28.3
10	100	Arctic SA	Romania	Electronics	-14.8	21.4

ADM Romania Trading leads fastest growing companies ranking

By Annie Tsoneva

Riding the wave of surging food prices, Romanian transportation and wholesale company ADM Romania Trading, a newcomer in SEE TOP 100, was the fastest growing company in the 2021 ranking.

Due to global harvest issues, food commodity prices were already at a ten-year high even before the war in Ukraine started, according to the United Nations Food Prices Index. For ADM Romania Trading, this meant an almost 19 times (1,766%) increase in its revenue last year, to 809.7 million euro.

ADM Romania Trading is a subsidiary of a Dutch food company Archer Daniels Midland Europe B.V., which in turn is part of US-based global grain trader Archer Daniels Midland (ADM) Company. It is one of the largest port operators in Romania, handling barley, rapeseed, wheat, sunflower seed and maize, as well as other commodities such as coal and iron ore, along the Danube and across the Black Sea.

ADM has been investing in storage and logistics capacities in its Danube River network since 2011. In 2015, it acquired full ownership of two Romanian export terminals on the Black Sea, bolstering its ability to export grain from Eastern Europe. In 2021, it was the second largest grains importer and the sixth largest grains exporter in Romania, data from the statistics office showed. In September, 2022, ADM announced the opening of a new extrusion facility in Romania's neighbour Serbia to meet rising demand and further expand its footprint in Europe.

The Independent Bulgarian Energy Exchange (IBEX) ranked second among the most dynamic SEE companies in 2021, slipping one place within a year. Its revenue rose more than four times to 3.031 billion euro as both prices and the amounts of electricity traded on its day-ahead market reached record highs at the end of December. IBEX is a wholly-owned subsidiary of the Bulgarian Stock Exchange, which acquired the company in 2017. Since May 2021, the Bulgarian day-ahead market has been integrated via Greece with the Pan-European day-ahead power market. Five months later, Bulgaria and Romania successfully completed the coupling of their day-ahead power markets.

At no.3, Bulgarian public gas supplier Bulgargaz saw its revenue triple in 2021 as natural gas sales rose 37% due to increased industrial consumption.

Slovenian carbon emissions trader Belektron too tripled its revenue last year. Belektron, which has been on the market since 2008, has grown to be a major global sector player even though it is not being part of any larger banking or energy group. It is a member of The Intercontinental Exchange, Inc. and The European Energy Exchange (EEX), as well as an official EEX market maker on spot and derivatives markets.

Romanian wholesaler Intebrands Orbico ranked fifth on the back of 168% growth in revenue last year. It is part of Croatian privately-owned consumer goods distributor Orbico Group with international operations in over 20 countries and more than 8,000 employees.

Slovenian energy company Interenergo booked 136% higher revenue in 2021. Since 2009, Interenergo has been part of Austrian renewable energy provider Kelag Group. Interenergo is a wholesale electricity trader and is active in construction and management of energy facilities powered by renewable energy sources.

Another energy company, Croatian privately-owned natural gas trader Prvo Plinarsko Drustvo (PPD), came in at the seventh position as its revenue more than doubled in 2021. PPD, which is Croatia's largest natural gas importer, has been renting capacities at the LNG terminal on the Krk island since 2020. PPD is fully-owned by Croatian investment group ENNA and has subsidiaries in Hungary, Switzerland, Italy, Slovenia and Bosnia operating across Europe.

Bulgaria's state-owned Kozloduy nuclear power plant ranked eighth with a 113% increase in 2021 revenue, backed by higher electricity prices.

Chinese-owned HBIS Group Serbia Iron & Steel too doubled its revenue as steel demand surged globally. In August 2021 it restarted one of the two blast furnaces at the Smederevo plant that had been shut down a year earlier amid the coronavirus pandemic.

Even though Romania's third-largest electricity producer Complexul Energetic Oltenia (CE Oltenia) also doubled its revenue last year, its loss widened to 310 million euro. In January 2022, the European Commission approved Romania's plan to grant up to 2.66 billion euro in aid to state-owned CE Oltenia to enable the company to finance its restructuring plan and restore its long-term viability. The restructuring envisages replacement of lignite-based electricity production with electricity produced from natural gas, solar and hydro energy.

METHODOLOGY

Most dynamic companies is a ranking of the top 10 companies with the highest change in revenue in SEE TOP 100. Change in revenue is calculated as a year-on-year change of total revenue, calculated in local currencies. In order to ensure fair comparison, companies established after 2019 are omitted.

MOST DYNAMIC COMPANIES

No	SEE TOP 100 No	Company name	Country	Industry	Y/Y Change in revenue 2021
1	82	ADM Romania Trading SRL	Romania	Transportation	1766.02%
2	9	Independent Bulgarian Energy Exchange EAD	Bulgaria	Electricity	332.70%
3	54	Bulgargaz EAD	Bulgaria	Petroleum/Natural Gas	203.28%
4	17	Belektron d.o.o.	Slovenia	Financial Services	200.82%
5	87	Interbrands Orbico SRL	Romania	Wholesale/Retail	167.87%
6	55	Interenergo d.o.o.	Slovenia	Electricity	135.52%
7	12	Prvo Plinarsko Drustvo d.o.o.	Croatia	Petroleum/Natural Gas	115.11%
8	40	AETs Kozloduy EAD	Bulgaria	Electricity	113.44%
9	52	HBIS Group Serbia Iron & Steel DOO	Serbia	Metals	100.03%
10	69	Complexul Energetic Oltenia SA	Romania	Electricity	99.89%

in millions of euro

2021	2020	Bank Name	Country	Total Assets 2021	Y/Y change in assets	Net profit/loss 2021	Net profit/ loss 2020
1	1	Banca Transilvania SA	Romania	25415	21.00%	362.3	245.9
2	3	Banca Comerciala Romana SA	Romania	18105	12.01%	280.0	160.2
3	2	Zagrebacka Banka d.d.	Croatia	17603	6.36%	266.9	97.5
4	4	Privredna Banka Zagreb d.d.	Croatia	13906	9.07%	148.2	108.4
5	5	BRD – Groupe Societe Generale SA	Romania	13619	8.73%	260.0	195.4
6	6	UniCredit Bulbank AD	Bulgaria	12756	3.49%	160.5	114.5
7	8	Nova Ljubljanska Banka d.d.	Slovenia	12700	15.17%	208.4	114.0
8	7	DSK Bank AD	Bulgaria	12482	7.03%	201.2	98.7
9	10	Raiffeisen Bank SA	Romania	12022	15.36%	160.2	132.3
10	9	ING Bank N.V. Amsterdam - Branch Bucharest	Romania	11965	10.29%	212.8	106.8
11	11	Erste&Steiermarkische Banka d.d.	Croatia	10998	13.02%	112.6	51.7
12	14	CEC Bank SA	Romania	10286	22.70%	74.5	69.4
13	12	UniCredit Bank SA	Romania	10197	10.41%	129.9	82.9
14	13	Nova Kreditna Banka Maribor d.d.	Slovenia	9945	8.48%	108.9	208.9
15	15	United Bulgarian Bank AD	Bulgaria	7941	21.36%	87.5	55.6
16	16	Eurobank Bulgaria AD	Bulgaria	7409	19.71%	86.5	78.1
17	18	OTP Banka d.d.	Croatia	6575	9.64%	83.9	33.3
18	17	Banca Intesa AD	Serbia	6341	3.96%	88.2	80.9
19	19	First Investment Bank AD	Bulgaria	5762	4.03%	51.2	19.9
20	46	OTP Banka Srbija AD (formerly known as Vojvodjanska Banka AD)	Serbia	5661	178.28%	49.0	-10.1
21	21	KBC Bank Bulgaria EAD (formerly known as Raiffeisenbank (Bulgaria) EAD)	Bulgaria	5542	12.60%	65.2	29.1
22	20	Raiffeisenbank Austria d.d.	Croatia	5524	11.83%	59.7	17.5
23	22	Unicredit Bank Srbija AD	Serbia	4577	10.60%	50.0	45.5
24	23	NLB Komercijalna Banka AD (formerly known as Komercijalna Banka AD)	Serbia	4163	6.40%	31.0	21.6
25	25	SKB Banka d.d.	Slovenia	3828	5.01%	50.7	35.4
26	24	Alpha Bank Romania SA	Romania	3825	5.08%	21.5	15.6
27	26	Banka Kombetare Tregtare Sh.a.	Albania	3790	10.22%	64.8	50.4
28	27	Central Cooperative Bank AD	Bulgaria	3775	11.18%	13.3	10.4
29	33	OTP Bank Romania SA	Romania	3752	24.40%	-1.9	0.5
30	28	Hrvatska Postanska Banka d.d.	Croatia	3699	9.31%	26.9	24.2
31	29	Raiffeisen Banka AD	Serbia	3680	14.55%	58.3	47.2
32	34	Banka Intesa Sanpaolo d.d.	Slovenia	3473	17.90%	17.7	12.8
33	31	UniCredit Bank d.d. Mostar	Bosnia and Herzegovina	3217	3.17%	45.0	38.0
34	32	UniCredit Banka Slovenija d.d.	Slovenia	3082	-0.39%	12.8	13.9
35	39	Banca de Export-Import a Romaniei – Eximbank SA	Romania	2988	24.66%	6.6	3.3
36	37	Banka Postanska Stedionica AD	Serbia	2961	19.76%	18.7	22.1
37	35	SID – Slovenska Izvozna in Razvojna Banka d.d.	Slovenia	2834	-2.52%	24.0	8.5
38	38	Erste Bank AD	Serbia	2718	11.36%	20.5	11.4
39	36	Raiffeisen Bank d.d. Sarajevo	Bosnia and Herzegovina	2496	-0.20%	35.6	22.8
40	41	Citibank Europe Plc Dublin - Romania Branch	Romania	2474	10.09%	66.8	49.1
41	53	Eurobank Direktna AD (formerly known as Eurobank AD)	Serbia	2469	47.94%	3.5	6.2
42	43	Komercijalna Banka AD	North Macedonia	2412	12.03%	37.4	31.0
43	42	Garanti Bank SA	Romania	2308	6.31%	28.2	15.5
44	48	Credins Bank Sh.a.	Albania	2307	14.36%	9.8	6.9
45	44	Gorenjska Banka d.d.	Slovenia	2271	6.22%	27.8	22.2
46	40	Addiko Bank d.d.	Croatia	2247	-4.28%	10.6	11.6
47	49	Raiffeisen Bank Sh.a.	Albania	2229	15.08%	28.1	12.0
48	47	AIK Banka AD	Serbia	2186	9.38%	50.6	83.6
49	56	Libra Internet Bank SA	Romania	1949	31.04%	36.8	7.8
50	51	Stopanska Banka AD Skopje	North Macedonia	1853	7.64%	40.0	32.1

in millions of euro

2021	2020	Bank Name	Country	Total Assets 2021	Y/Y change in assets	Net profit/loss 2021	Net profit/ loss 2020
51	52	Allianz Bank Bulgaria AD	Bulgaria	1852	10.43%	8.9	4.2
52	61	Moldova Agroindbank SA	Moldova	1778	22.79%	34.5	24.8
53	54	NLB Banka AD Skopje	North Macedonia	1749	11.56%	36.0	27.6
54	50	N Banka d.d. (formerly known as Sberbank Banka d.d.)	Slovenia	1721	-6.45%	10.3	1.0
55	45	Bulgarian Development Bank EAD	Bulgaria	1702	-12.80%	-79.7	-118.0
56	62	Nasa AIK Banka AD (formerly known as Sberbank Srbija AD)	Serbia	1651	22.54%	15.0	3.2
57	55	Intesa Sanpaolo Bank Albania Sh.a.	Albania	1648	3.83%	4.2	10.5
58	58	ProCredit Bank (Bulgaria) EAD	Bulgaria	1631	9.24%	19.8	17.3
59	63	Banca Romaneasca SA	Romania	1617	23.08%	2.2	2.1
60	67	Banka Sparkasse d.d.	Slovenia	1573	21.52%	15.5	3.0
61	59	Nova Hrvatska Banka d.d. (formerly known as Sberbank d.d.)	Croatia	1474	0.29%	4.5	-4.7
62	64	Intesa Sanpaolo Romania SA	Romania	1420	8.14%	2.6	1.6
63	66	Credit Agricole Banka Srbija AD	Serbia	1418	9.59%	14.5	7.3
64	57	First Bank SA (formerly known as Piraeus Bank Romania SA)	Romania	1409	-5.12%	11.6	-14.5
65	65	Crnogorska Komercijalna Banka A.D.	Montenegro	1389	6.48%	2.3	1.8
66	60	Addiko Bank d.d.	Slovenia	1370	-5.41%	25.3	11.0
67	new	Nova Banka a.d. Banja Luka	Bosnia and Herzegovina	1362	14.93%	11.9	6.5
68	68	ProCredit Bank AD	Serbia	1321	4.58%	4.0	5.9
69	70	Investbank AD	Bulgaria	1300	15.56%	7.1	1.1
70	69	Intesa Sanpaolo Banka d.d.	Bosnia and Herzegovina	1271	6.67%	15.7	9.3
71	new	Raiffeisen Bank Kosovo Sh.a.	Kosovo	1196	7.16%	26.3	16.7
72	new	Sparkasse Bank AD Skopje	North Macedonia	1187	2.14%	10.4	3.9
73	71	Halk Banka AD Skopje	North Macedonia	1181	8.69%	10.6	9.0
74	74	Moldindconbank SA	Moldova	1167	14.75%	34.2	20.5
75	73	Dezelna Banka Slovenije d.d.	Slovenia	1153	10.33%	4.9	5.1
76	75	Bulgarian-American Credit Bank AD	Bulgaria	1124	17.64%	9.0	6.6
77	72	Municipal Bank AD	Bulgaria	986	-6.33%	-4.7	4.5
78	77	Sparkasse Bank d.d. Sarajevo	Bosnia and Herzegovina	984	12.95%	12.6	6.1
79	76	International Asset Bank AD	Bulgaria	977	7.34%	10.8	6.9
80	80	Banka OTP Albania Sh.a. (formerly known as Banka Societe Generale Albania Sh.a.)	Albania	934	18.58%	15.6	5.4
81	new	NLB Banka Sh.a. Prishtina	Kosovo	931	5.86%	24.4	13.3
82	new	NLB Banka a.d. Banja Luka	Bosnia and Herzegovina	928	16.66%	19.3	11.3
83	85	Vista Bank (Romania) SA	Romania	905	29.18%	1.9	0.1
84	new	ProCredit Bank Sh.a.	Kosovo	905	0.54%	17.4	13.3
85	78	Addiko Bank AD	Serbia	873	1.20%	6.8	4.6
86	79	Credit Europe Bank (Romania) SA	Romania	860	5.49%	14.3	-3.6
87	new	UniCredit Banka a.d. Banja Luka	Bosnia and Herzegovina	857	1.15%	13.0	8.3
88	84	Halkbank AD	Serbia	849	17.37%	7.6	4.5
89	81	Sberbank BH d.d. - non-existent	Bosnia and Herzegovina	831	6.87%	10.3	3.5
90	new	Banka Kombetare Tregtare Kosove Sh.a.	Kosovo	826	22.85%	15.9	11.1
91	87	American Bank of Investments Sh.a.	Albania	808	13.62%	11.8	8.6
92	90	OTP Bank SA (formerly known as Mobiasbanca - OTP Group SA)	Moldova	802	17.04%	13.0	6.8
93	89	Tirana Bank Sh.a.	Albania	793	15.03%	7.1	5.2
94	83	Victoriabank SA	Moldova	792	7.94%	13.3	11.2
95	86	Patria Bank SA	Romania	778	11.55%	1.9	0.6
96	91	Bosna Bank International d.d. Sarajevo	Bosnia and Herzegovina	759	13.51%	1.6	2.7
97	new	NLB Banka A.D.	Montenegro	752	39.87%	10.9	3.3
98	new	TEB Sh.a.	Kosovo	752	13.60%	17.8	13.4
99	92	NLB Banka d.d. Sarajevo	Bosnia and Herzegovina	727	13.02%	10.8	6.6
100	96	D Commerce Bank AD	Bulgaria	717	20.78%	9.5	3.8

SEE biggest lenders bounce back from Covid slump

By Dragana Petrushevska

As social life returned to normalcy and economic activity picked up, banks in Southeast Europe saw their profits rise and their assets expand on the back of sustained growth in both lending and deposits. Like their global peers, the local lenders continued to play a major role in the redistribution of massive resources aimed to cushion the blow of the Covid-19 pandemic on businesses and clients. At the same time, pressure on interest margins and changing consumer habits strengthened the banks' focus on efficiency and digitalisation. M&A deals picked up, with most of the action taking place in Serbia.

The region's biggest lenders reported rising profits in 2021 after a grim year of restrictions which affected their performance. All but 12 banks among the top one hundred in the region boosted their net profit in 2021. Only two banks turned to net loss in 2021.

The combined net profit of SEE's one hundred largest banks came in at 4.567 billion in 2021, still short of the record-high 4.673 billion euro generated in 2019. The region's largest lenders recorded a combined net profit of 2.967 billion euro in 2020. Higher profits allowed lenders to return to dividend distribution in 2021, after holding off on payouts a year earlier to comply with central bank bans.

SEE's largest lenders managed to grow their assets in 2021 even faster than the year before, when government measures to support the business sector led to increased lending. The combined assets of the top one hundred lenders grew 12% to 384.3 billion euro in 2021, after expanding by 8.7% in 2020. Only eight banks in the ranking saw their assets fall last year, compared with ten in 2020.

Romanian banks held the top two positions and the country remained best represented in the 2021 ranking with 19 entrants. Bulgaria and Serbia followed with 15 and 14 banks, respectively. Romanian banks held combined assets of 125.9 billion euro, or 33.1% of the total assets of the region's largest banks. They generated 1.672 billion euro of net profits, or 37% of the total.

Romania's Banca Transilvania remained at the top of the ranking of SEE's largest banks, a position it has held since 2018. The bank saw its assets grow 21% on the year, reaching 25.4 billion euro, as both loans and deposits increased amid a strong post-Covid recovery of the economy. Its net profit rose to 362.3 million euro from 245.9 million euro, mainly due to higher operating income. Dutch-based insurer NN Group is the largest single shareholder of Banca Transilvania, holding a 10.29% stake as of end-2021. The European Bank for Reconstruction and Development (EBRD) follows with a 6.87% shareholding interest.

Romania's Banca Comerciala Romana, a unit of Austria's Erste, traded places with Croatia's Zagrebacka Banka, a unit of Italy's Unicredit Group, and came second in the chart, with assets of 18.1 billion euro, 12% higher than a year earlier. The Croatian lender closed the year with 17.6 billion euro in assets, up 6.36% year-on-year.

The top three lenders are also leaders in terms of profit. Banca Transilvania is the winner with a net profit of 362.3 million euro, up from 245.9 million euro a year earlier and well ahead of second-placed Banca Comerciala Romana with a net profit of 280 million euro in 2021 and Croatia's Zagrebacka Banka with 266.9 million euro.
In terms of assets increase, Serbia's OTP Banka (OTP) posted the biggest jump - to the 20th position in 2021 from the 46th place in 2020. In the beginning of the year, the Hungarian banking group OTP completed the integration of OTP Banka Srbija (former Societe Generale Srbija) and Vojvodjanska banka, which it bought in 2019, creating the biggest bank in the country. The Serbian bank swung to a net profit of 49 million euro in 2021 after recording a net loss of 10.1 million euro in 2020.

M&A activity in banking sector remains resilient

The year was also marked by big M&A deals in the banking sector. Hungary's OTP Group continued its consolidation in Albania, signing a deal to buy Alpha Bank SH.A., the Albanian unit of Greece's Alpha Bank Group. In 2019, OTP Group bought the Albanian unit of France's Societe Generale, which was renamed to Banka OTP Albania.

In Serbia, Greece's Eurobank completed the merger of its Serbian unit Eurobank Beograd with local lender Direktna Banka. Serbia's state-run Banka Postanska Stedionica acquired the unit of another Serbian lender, Komercijalna Banka, in Bosnia and Herzegovina. Furthermore, the Serbian unit of Raiffeisen Bank International (RBI) agreed to acquire the entire capital of the Serbian subsidiary of France's Credit Agricole. For its part, Credit Agricole sold its Romanian unit to Vista Bank Romania.

Belgium-based financial group KBC inked a deal to take over Raiffeisenbank Bulgaria, the Bulgarian unit of Austria-based Raiffeisen Bank International. At the same time, Greek businessman Petros Stathis reached an agreement for the sale of Montenegro's Universal Capital Bank (UCB) to an Italian an undisclosed Italian investor.

METHODOLOGY

SEE TOP 100 banks is a ranking of the largest banks in Southeast Europe in terms of total assets from non-consolidated balance sheets as of December 31, 2021. To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2021 and 2020, respectively. Local currency figures have been used when calculating year-on-year changes. All data is sourced from central banks, national commercial registers, financial supervision commissions, bank associations, government and corporate websites, and companies themselves. The initial pool of companies exceeds 200 active banks registered in the region including branches and representative offices of foreign banks. In this year's edition of the ranking, banks from Kosovo are included for the first time.

Facilitating access to financing remains our objective

By Nicoleta Banila

Ömer Tetik, General Director, Banca Transilvania

Banca Transilvania remains the largest bank in Southeast Europe despite the difficult context. What was your strategy to offset the negative factors?

We maintained our optimism and commitment to contribute to the relaunch of the Romanian economy and support our customers. During this period, we financed the population and the companies, we increased the volume of the bank's operations. Currently, we account for approximately 20% of the banking market in Romania and in certain segments we have a considerably larger market share. In parallel, with inflation and interest rates rising, we preferred to be proactive with increasing interest rates on deposits and in this way we maintained a corresponding rate in resources, while also keeping our customers loyal.

How do the geopolitical tensions caused by the war in Ukraine affect the bank's operations and what impact will increased risk cost have on the bank's financial results in 2022?

The geopolitical tensions do not affect Banca Transilavania's operations, considering that we are not present on the neighbouring market and that the Romanian banking system is not directly exposed to risks associated with the conflict in Ukraine. Of course, there is an impact when it comes to payables and receivables with the Russian Federation, as we must respect EU regulations pertaining to international sanctions but we try to responsibly manage the situation in such a way so that the effect on our customers is minimal. As for risk costs, they will increase, but not necessarily as a direct result of the situation in Ukraine, as there are cumulative recession signals coming from the U.S. and the Euro zone. In line with the requirements of the European Central Bank, credit risk management is a priority for us, together with the governance and the solidity of our business model.
Regarding our Ukrainian neighbours, we are helping those in need – be it the people or the companies. We have stood by them ever since the beginning of the war, we remain involved through financial solutions, employment offers, donations and communication in the Ukrainian language. The most recent step in this direction is a 25 million euro credit line which we received in September from the European Bank for Reconstruction and Development to support the companies affected by the war in Ukraine.

Do you foresee an increase of NPLs this year because of the strong increase of the cost of living?

We estimate that the rate of NPLs will turn from downward to upward, but the pace will not be alarming at banking system level. In practice, this development depends on the dynamics of the economy of the region and of Romania, as well as on the situation of those affected by the challenges of recent years who have resorted to the moratoriums of suspension of payment on their credit instalments. The measures taken by authorities were welcome and the government programmes for financing the economy worked well, partly due to the collaboration between the state and the banks. Also, the moratorium on the postponement of loan repayments has made the situation easier for our customers because they were people who had lost their jobs or had lower revenues, as well as companies that reduced their activity, had to close the business or were affected by supply chain disruptions.

Has the current volatility reduced the bank's appetite for acquisitions?

The uncertainties related to the macroeconomic situation and the geopolitical tensions have not significantly diminished our appetite for acquisitions. This does not depend solely on us, but also on the sellers. Some analysts and investors view Central and Southeast Europe as the region with the highest growth prospects, while others expect a decline due to our geographical positioning and vicinity with the war zone in Ukraine. That is precisely why pay attention to any signals from the market, we are monitoring the costs, revenues and opportunities. Buyers and sellers are watching out for the same things actually. Our bank is not currently in active negotiations for possible acquisitions in Romania, although we do have the resources to generate value and justify the risks associated with any exposure through purchases. Strengthening our market position will come from responsible organic growth, not so much through acquisitions. We are currently in the process of integrating two leasing companies in the Banca Transilvania Group - Tiriac Leasing and Idea Leasing - which strengthen our position through alternative financing services. If speaking about Banca Transilvania's presence in Europe, we continue to replicate our business model at Victoriabank, the bank in Moldova where we hold shares, and we try to stay as close as we can to the Romanian community in Italy where Banca Transilvania is also present.

How do you see the development of the Romanian banking sector in the short term?

Being part of the ecosystem, the banks will feel adjustment signals from the economy and the overlapping of shocks. There will be an adjustment, as well as developments which will lead to the consolidation of the banking system. Inflation is manifesting globally, not just in Romania or in Europe, but we see all the efforts by national banks and governments in different countries to create a stable, or at least a predictable, climate. The good thing is that banks in Romania are now more mature, better-capitalised, with a solvency above the European Union average, more digitalised and more prepared for challenges than ever before.
Facilitating access to financing remains our objective - for banks in Romania and for Banca Transilvania as a market leader. We provide the necessary mechanisms for the sustainable recovery and financing sustainable aspects of the Romanian economy. We contribute to the growth of financial intermediation, considering that Romania has the lowest level in the EU, as well as to increasing the level of economic prosperity.

We focus on digitalisation, simplification of processes, growth of our people

Raluca Popescu,
Head of Corporates,
UniCredit Bulbank

Raluca Popescu is Head of Corporates of UniCredit Bulbank and Member of the Management Board of the bank in Bulgaria since November 2019. She is also member of the Supervisory Board of UniCredit Leasing. She has been working in the banking system for more than twenty years, taking different positions within UniCredit Group - Head of Italian Corporates Desk and Head of International Center at UniCredit Bank Romania and UniCredit Bank Hungary.

Financial institutions over the past years are under constant pressure to upgrade their processes and services. Where does UniCredit Bulbank's strategic focus lie in this respect?

As the market is really dynamic and moving faster than ever before in most of the industries, we at UniCredit Bulbank are dedicated to the constant improvement of the internal processes resulting in the enhancement and speed up of the services to the customers. This is a constant endeavour and it entails relevant investments and focus on a few aspects – the digitalisation, internal simplification of processes and growth of our most important asset - our people.

One good example would be the focus we have put over the last years on the lending speed-up process, the so-called "time to decision" and "time to cash", in order to address as fast as possible and in the most professional way the needs of our corporate clients. I am confident that the numerical evidence that we have internally is also perceived by our clients and proven by their feedback on the customer experience with us. And we are continuously focusing on this next year.

Another example is our focus on digitalisation of our daily banking services via Bulbank Online, where we continue to add new features and services, beyond the traditional banking services, supporting our presumed leading Fintech position on the Bulgarian market.

We are aware that the business appreciates a financial partner who understands the needs, is well aware of the risks and is responsible for the provision of proper financing quickly, looking forward for adding value and innovative services for their daily activity.

What key goals do you want to achieve and what would that mean for your clients?

We listen to and value the voice of our customers and proactively ask them for their feedback in order to elaborate and face together the expectations to the maximum possible extent.

Nowadays, we can say that more than 95% of our customers are actively using Bulbank Online and they are one of the main guiding forces for the enhancements we do every day.

More than 95% of our customers are actively using Bulbank Online

What that means for our customers is precise and fast service, customised financial solutions and digital banking with Bulbank Online as the main digital service platform for the overall communication with our corporates. Moreover, it is the platform, which we envision to evolve into an ecosystem for exclusive financial customer experience and future value creation.

In July, we launched a new functionality, embedded in the digital products menu in Bulbank Online – a digital financial analysis of the companies. Our corporate clients can compare their company performance with that of other participants on the market in their industry or in other industries. In this way they can have relevant information about their competitors, find relevant vendors and partners, as well as get a better understanding of the environment.

We focus on mastering customer experience and differentiating even further from traditional banking and from the other players on the market.

We aim to maintain a strong brand for all our stakeholders and further empower our customers to grow.

Last year, UniCredit Bulbank launched e-signing for business clients. What has been your clients' response to this new service?

It is one of the streams of our digitalisation strategy. Now the legal entities can digitally sign, i.e. approve and send documents using QES* or the mobile app Evrotrust. In this way we simplify and accelerate the process, being more operationally effective, paperless and maintaining a better traceability and archive of the documents.

What we see is that e-signing is valued by the companies and they are using more and more this option to simplify their daily business activities and work with the bank. E-signing saves time for physical visits of the bank locations and provides the opportunity for online archive of the signed documents and better monitoring. It is easy, secure and time-saving.

E-signing is easy, secure and saves time

What new financial instruments and products do you have in the pipeline for 2022 and 2023?

In the first half of 2022 we see a more dynamic increase in the number and volume of lending deals, accompanied by high liquidity on the market. Recently, we witnessed developments on the local and global markets, related to the growth of the commodity prices, significantly increased delivery times and disruptions in the supply chain. This, combined with the unpredictable development of the geopolitical situation and further limitations in the upcoming months, is extending the unforeseen situation for the companies, so they have to react fast and also expect from us quick and customised solutions.

Companies expect from us quick and customised solutions

Our primary objective is to continue offering the best in class services to our corporate clients. We are glad that today we look towards more complex financial structures, hedging instruments, investments and important projects for the local and Central and East European markets.

We provide extensive number of opportunities and programmes for financing with the main European and local financial institutions. Just to mention some, the European Investment Fund EGF Uncapped, FMFIB Recovery, the European Bank for Recovery and Development Risk Sharing Framework, Risk Sharing Scheme provided jointly with the European Investment Bank, First Loss Portfolio Guarantee for Microcredit, Documentary Finance Facility guarantee scheme, and more.

We structure these solutions with the understanding of the business needs of our clients and we have a dedicated European Funds team which is available to support them in structuring their requests.

With ESG having become a central concept for businesses over the past years, what are your priorities in this area?

At UniCredit, sustainability is part of how we do business and support our clients, communities, partners, and the industry at large by financing the transition to a low-carbon and more inclusive economy. ESG factors are integrated across our business with concrete targets and monitoring from lending to risk management, and the long-term incentive plans of our top management.

Sustainability is part of how we do business and support our clients, communities, partners, and the industry

We have a long-term commitment to sustainability both internally and externally, embedded in our values and culture. To support the sustainable market and always match our clients' needs, we continue to expand our ESG product and service offer, including: Social Impact Banking, sustainable financial instruments and advisory, energy efficient loans and sustainable investment products and advisory.

Furthermore, UniCredit is a leader in sustainable finance and issued its inaugural Retail Social Bond and Senior Preferred Green Bond in 2021, further underlining our strong commitment to sustainability and the strategic importance of ESG for the Group.

ESG helps us live and deliver on our values and continually grow our impact in the community.

We are also focused on fostering an environment of equal opportunities and inclusion internally. The Group is investing 100 million euro towards closing the gender pay gap by 2024.

The UniCredit Group is investing 100 million euro towards closing the gender pay gap by 2024

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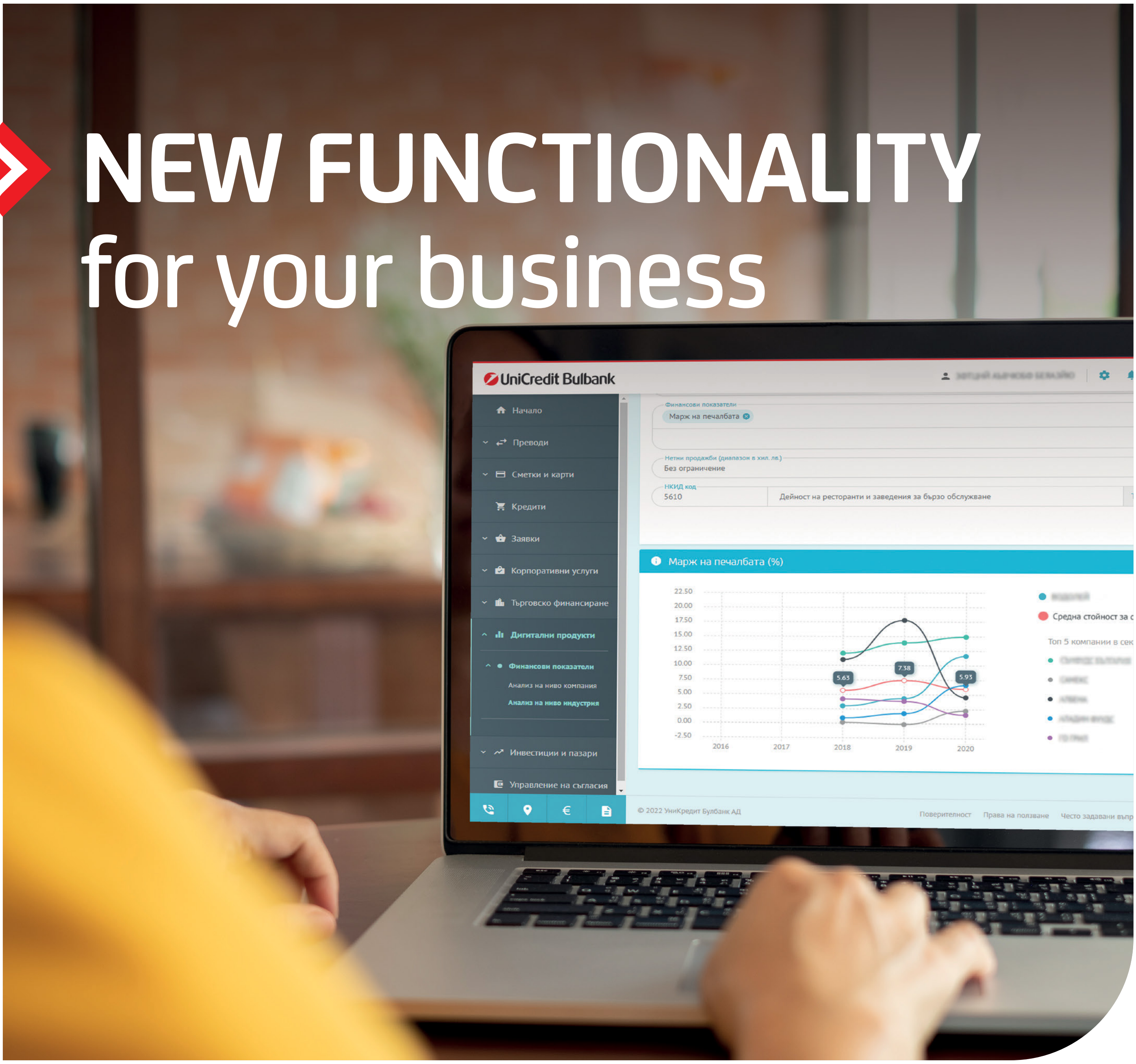

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Investing in common good, providing support where it is most needed

Halkbank AD Skopje is the fastest growing bank in North Macedonia and a leader in offering personalised banking services, as well as introducing new technologies and providing fast service through a highly developed, modern platform of alternative channels.

The strong corporate values and continuous efforts toward successfully fulfilling its mission and vision led Halkbank to become the fifth largest bank on the market in terms of both assets and profit.

People matter

The slogan "People matter" is a subliminal message about all business activities of Halkbank and its corporate strategy. It is an embodiment of its care for the customers and business partners, nurturing long-term, lifelong partnerships, but also care for the employees, and care for the environment. Such determinations are a confirmation that Halkbank AD Skopje is a serious, stable and loyal partner of the citizens, the economy, but also of the whole society in our country.

Halkbank's main principles are to offer great service to the customers, suggesting the best solutions for their needs, while creating a successful corporate culture, giving importance to every member of the team.

Halkbank in numbers

Adapting to the newly created conditions that influenced the implementation of some of its plans and ideas, Halkbank AD Skopje managed to achieve the goals set at the beginning of 2021 and showed excellent business results from operations.
In 2021, Halkbank AD Skopje reported credit growth of 12% and 10% increase of the deposit base. The credit support that the Bank provides to businesses in the country is reflected in the 18% increase in loans to legal entities, i.e. loans to small businesses. When it comes to loan products for households, the Bank registered an increase in housing loans of 25% compared to 2020. On the basis of the stated results, Halkbank booked 10.6 million euro profit in 2021, an annual increase of 18%. Its assets amounted to 1.182 million euro at the end of the year, which is an increase of 9% compared to 2020.

Halkbank has been working intensively on expanding its branch network, which at the moment comprises a total of 45 locations, 25 of which in Skopje. Additionally, the cooperation with the state-owned company Makedonska Posta is enabling the execution of payment operations in a total of 324 active post offices of Makedonska Posta AD with 470 counters that are available to citizens to make all cash payments, including payments for utility bills.

Raising awareness of social inclusion of people with disabilities

Starting from the essence of its motto, Halkbank wanted to raise awareness of the importance of including people with disabilities in the society and improving the conditions in which they are educated. For that purpose, the Bank financially supported the construction of inclusive playgrounds in a primary school in Tetovo and a sensory room in a primary school in Ohrid.

HalkEco

At the same time, as a socially responsible company, Halkbank worked hard to find solutions to numerous ecological projects, even during a pandemic. As a project that we believe will continue to contribute to the formation of healthy habits among citizens, the HalkEco application has shown that people are strongly motivated to reach out to nature and replace their car with a bicycle or electric scooter and perform physical activities, in return for a HalkEco material or a financial gift.

Concerning the commitments under the HalkEco platform, since the launch of the application in 2019, over 33,000 trees were planted throughout the country in cooperation with the state owned company Makedonski Shumi. Additionally, last year the second edition of the Halk Velo Green bicycle race took place in Mavrovo. The event has grown into a traditional race with the aim of promoting the beauty of nature and collecting funds for afforestation and last year 7,700 seedlings were planted in the vicinity of St. Nikole with the funds collected from registration fees.

The success of HalkEco made it possible to set up a green corner in the City Park in the city of Gostivar, as a donation of the Bank to the Municipality of Gostivar.

Supporting school children

High on Halkbank's priority list for the past year has been the support of pre-school and school-age children under the Halki platform – children saving brand. Such support began with the Bank joining the global initiative to mark April 2 - International Children's Book Day, by creating the illustrated story "Halki Picture Book", which several thousand students received as a gift. Through this platform, Halkbank is continuing to educate and raise awareness for social, eco, inclusive and financial literacy themes among children in the country.
Halkbank was also recognised by the prestigious Global Brands Magazine, which named Halkbank the "Best Financial Brand, North Macedonia 2021" for its exceptional commitment to innovation, quality, activities for branding, customer service and performance.

A catalyst for change

Through the upcoming years, Halkbank will continue to work towards strengthening the brand, and promote effective action, investing in the common good and providing support where it is most needed.

Acting primarily on human and then on business values, Halkbank is aware of its corporate and social duty and as before, will continue to continuously contribute to the development of the banking sector and be a catalyst for change using its power to make the world a better, more sustainable and greener place.

Halkbank AD Skopje through the years

1993

HALKBANK AD Skopje was established as a joint stock company.

2004

Became the first bank which implemented e-banking on the Macedonian market.

- Awarded as Bank of the Year by the Macedonian Chamber of Commerce.

2011

HALKBANK AD Skopje purchased the majority of the shares in IK Banka amounting up to 91.56%.

- Completed the rebranding process and enlarged its principal with MKD 1,465,450,000.00.

2016

- Ranked among the top 100 SEE banks by assets.

- Introduced mobile applications for e-banking for individuals and legal entities.

- Certified according to highest-ranking international standard for information security regarding processing payment cards PCI DSS v3.1.

- Implemented the highest standards for security and safety in internet payments in the country and abroad, 3D Secure –Verified by Visa – VbV, and MC Secure Code protocol.

2012

- Established its own card processing system – first on the Macedonian market to offer contactless payment to clients.

- Acquired Ziraat Bank AD Skopje.

- Opened the first VIP Corporate Branch on the Macedonian market.

2018

- New corporate slogan "People matter".

- Bought an Insurance company –Halk Insurance Skopje

2019

- Award for contribution to the development of entrepreneurship in Central and Southeast Europe "Creators of the Century" for 2018.

- Story Award for "Socially responsible company"

- Launched HalkEco application in order to raise the ECO awareness of the people. Planted over 6,500 trees throughout the country.

2021

– Over 15,000 trees were planted under the HalkEco platform and a HalkCorner in Gostivar was created.

- Provided donations for the construction of an eco-inclusive playground in Tetovo and a sensory garden in a primary school in Ohrid.

- Creation of the "Halki Picture Book", whose funds from the sale, were intended for a donation to the "SOS Children's Village".

- Named "Best Financial Brand in the Country, 2021" by Global Brands Magazine.

2020

- Organization of time trial bicycle race HALK VELO GREEN in Mavrovo as a sign of the Bank's tendency to promote healthy living habits and contribute to environmental protection.

- Over 17,000 donated trees in different Macedonian cities, renovation of pedestrian bridges in the city park in Skopje and construction of a new park Halk Corner in municipality of Karposh under the HalkEco platform.

- Awarded as the "Best Retail Bank in Macedonia in 2020" by the world's leading magazine "Global Banking & Finance Review".

We match decisions with expertise and adopt technology at every step to further grow

Ivelina Kavurska,
Head of Strategic Projects,
MFG

Over the past years, MFG managed to navigate through the challenging global environment and grow rapidly. Now, with a global recession looming, where does your strategic focus lie and what are your key objectives?

The global economy, still reeling from the pandemic and Russia's invasion of Ukraine, is facing an increasingly gloomy and uncertain outlook. The recession introduced a lot of uncertainty and turbulence for the financial sector, which is hard-hit as well. The latest world economic projections are for slowing growth and soaring inflation rates.

In light of this, at MFG we direct our efforts to adequately respond to the current economic situation in line with our strategic goals and our organisation's values of innovation, responsibility and humanity. It's rather tempting to think of a global recession as a time to play it safe. However, at MFG we have a very lean plan to emerge from it as a winner.

MFG's three key objectives are efficiency at all levels of the business flow, investment in information technology, adoption of digital and advanced analytics. In other words, we plan to use the downturns as an opportunity to further expand our business – to develop our major markets and step in the largest ones, like India and the US.

How do we get to do this? Match decisions with expertise and adopt technology in every single step. When the economy is flourishing, the business has every reason to produce as much as it can, sell as much as it may – if it focuses strength and resources in new technologies, it may be leaving money on the table. But when recession comes in and you have fewer clients willing to buy a product or simply there's less money in the flow, operations need not be kept at maximum capacity, which frees up budget and resources to invest and develop digital technology and analytics.

Could you share any KPIs you will seek to achieve in the short and medium term?

MFG's objectives are not to eliminate risk but to increase the odds of success. So while providing financial services at top-quality level, our KPIs are the following: Customer Satisfaction – we shall continue and strive to develop further more convenience, speed and simplicity of financial services usage, regardless if it is payments, credit or investment service; Internal Process Quality – efficiency at all levels of running our business, as I said above - matching decisions and moves with expertise; Employee Satisfaction - attracting more talents and retention, which we achieve in line with our organizational culture values, and Financial Performance Index – profit margin optimisation is always on the table.

In which segments do you see highest growth potential and how will you seek to tap it?

At MFG and in line with our expansion strategy, we have pinpointed the markets with the highest growth potential – these are the well-developed markets like India and the US, not forgetting the Spanish market which is also developing pretty well. Everywhere, however, competition and high capital and regulatory requirements are making it difficult to achieve growth and create value through geographic expansion. So, step one is building a presence in only a few select cities of these markets. That is a viable option and corresponds with our strategy of efficiency and stability.

In terms of business modelling – digital technology and analytics in financial services has very high potential. I will mention our BNPL company, investment platform company, digital banking company, which we expect to develop and expand faster.

What are the main trends impacting the fintech industry globally and how is MFG responding in terms of products and services?

Our collective future is fintech. The mega trends influencing the financial services and driving the fintech payment innovations are the digital wallets, mobile payments, AI, and machine learning for security. At MFG we highlight the importance and focus intensely on secure mobile payments, AI and Regtech. AI is already a very successful hit, allowing faster transactions and giving customers the convenience and speed, they demand.

Yet, the financial sector is one of the most heavily regulated industries in the world and the trend is to tighten requirements further more. RegTech is already having a significant impact on regulatory compliance and is even becoming "tied" to the financial companies. At MFG, we are especially proud to announce that we are stepping into this market as well with our compliance software AML-CFT Platform which is designed and developed by us to fully support and increase regulatory compliance, reduce financial risk, and eliminate fraud and money laundering. It comprises the power of AI and technology by providing advanced tech solution to the growing compliance demands within the financial sector.

Our collective future is fintech

Following the introduction of automated credit approval, self-service electronic identification and electronic contract signing, what other innovations do you have in your pipeline?

There is a lot in fintech that should be done to help marginalised social groups. It indeed promises tremendous benefits to its users like – speed, convenience, simplicity, top quality service. There is just one problem: how to integrate users who until now have had only cash to trust for their financial transactions? At MFG with our Home Collected Credits Division we believe we have this major social role to help financial inclusion of marginalised socioeconomic profiles into the fintech. We've studied our clients' behavior very well for the past 17 years. With close contact and personal attitude we have with them in provision of credit services, we understand that we can introduce carefully and effectively fintech services to overcome the mistrust in new technologies.

Fintech should help many currently marginalised segments to gain access to financial services to work in their favor, they wouldn't have to wait days to years to do so and at MFG we think we know how to achieve it. This is something we consider to be an innovation with valuable social effect.

We achieve our goals through innovation, tech, constant focus on client needs

Dimiter Prodanski,
CEO, MFG Digital

Dimiter Prodanski is the CEO and member of the MB of MFG Digital, which unites Access Finance Bulgaria (Biala Karta), Axi Romania, Axi Poland, Access Finance Spain, and Access Finance USA. He has an essential role in the expansion of the card business of the MFG group on five foreign markets. Prodanski is a CFA charterholder since 2006. He speaks six languages and holds a master's degree in business administration from Sofia university St. Kliment Ohridski.

What developments led you to set up MFG Digital within the MFG group?

When MFG group was founded in 2015 it included two business lines – home collected lending and alternative channels. Since then, the group grew a lot. If we consider only the credit cards, back in 2016 we had operations only in Bulgaria and only with the brand Biala Karta. Now we have successful businesses also in Romania, Poland and Spain. And we set up our business in the US, having an office in San Francisco. Also, in Bulgaria we added new card products such as Biala Karta Gold and A1 card. And we grew our customer base from 40,000 to over 200,000 cardholders.

We grew our customer base from 40,000 to over 200,000 cardholders

The development to MFG Digital was gradual and strategic. As a first step MFG formed a sub-division of the group to manage the credit card businesses with its own divisional board. Part of the high management decisions started to be taken by this board and smaller number of issues started to be referred to the board of MFG group. Then one day, our investors and MFG board decided that this part of the business has higher potential to grow faster because of its higher scalability and this required even fore focus and autonomy. So, we created MFG Digital – a part of MFG group that is responsible for the development of one main business line - credit card lending through Access Finance and its subsidiaries. Additionally, we work closely with our own B2B card and payment services provider - the e-money licensed company, Easy Payment Services, and iuvo – one of Europe's leading P2P investment platforms, as some of the companies within MFG Digital are very successful originators on the platform.

What are MFG Digital's strategic goals?

Our goal is to offer to the clients of all the three business lines superior products at fair prices. We want to achieve that through a mix of innovation, technology, constant focus on our clients' needs and management experience. The goals of MFG Digital will be realized by its companies. One of our dreams is to make Access Finance a unicorn. We believe to have a business model that would allow us to conquer that vast and competitive US market. But to do that we need the support of external investors, especially such ones who have experience in our business and who could support us both with funding and strategic advice. So the goal of Access Finance of becoming the preferred credit card for clients underserved by banks in all of its markets goes through achieving strong unit economics and convincing investment funds.

Becoming the preferred credit card for clients underserved by banks goes through strong unit economics and convincing investment funds

The strategic goal of Easy Payment Services (EPS) is to become the leading embedded finance company in Europe and why not on a wider stage! By virtue of its team, licenses, platform and integrations, EPS may deliver financial technologies and multiply the revenues of many different businesses. Embedded finance is already strong in the US but it's just gaining traction in Europe and EPS should be one of the leading players.

One of our dreams is to make Access Finance a unicorn

And the goal of iuvo is similar to that of the famous US fintech, Robinhood. We want to make high-yield investments accessible to ordinary people with no investment experience. And unlike Robinhood we started with P2P that offers fixed yields and is much easier for the majority of people to understand.

Could you share any details about your planned financial performance in 2022 and 2023?

For the credit card business, we plan to close 2022 with 46 mln. EUR revenue and 2023 – with 80 mln. EUR revenue. In both years we would have EBITDA at just about break-even. This means that all our profits from Bulgaria, Romania and Poland will be just enough to cover our losses in Spain and the US.

46 mln euro

Expected revenue from the credit card business in 2022

What are your expansion plans? Where do you see biggest growth potential at the moment?

I believe that we will be able to realize our dream of setting up a successful business in the US. We have already agreed with a card issuing bank and we have the main technology provider. Although the market is generally very competitive, credit cards for the underserved segment are very uncommon and this gives us a great opportunity.

Regarding our partners from iuvo, I see huge potential there as bank interest rates stay historically low and inflation is on the rise. So people start to look for alternative investment options and iuvo is one of the best, relatively safe and easy to manage. Traditionally, we've had most clients from Bulgaria but we feel there is strong growth potential in Germany.

I believe that we will be able to set up a successful credit card company in the US

Where does MFG Digital's strategic focus lie?

Maybe our main strategic focus now is developing our management team. We opened three new markets – Romania, Poland and Spain practically with the same people. I feel that we have reached our limits of successful growth and we needed ambitious, bright and hard-working people to make us better. I'm very happy that this year we already joined to our team several top managers, including new heads of Access Romania and Access Spain as well as CFO, CMO and chief data science officer. In the coming months we have a lot of work to further integrate all of them and join some new bright minds, especially for the US project.

Our main strategic focus now is developing our management team

How did consumer habits change over the past few years and what key trends do you see impacting the global markets in 2022 and 2023?

Consumers use more and more services through mobile devices. I'd say that desktops and laptops are more of an exotic nowadays when it comes to retail financial services in Europe. And that in turn drives the usage of mobile apps. The challenge here is how to make your clients engage more with the company through the app. Because if the clients don't really feel its benefits, they will not use it and will likely delete it. So the hard task we have is how to bring to the client additional value through the app.

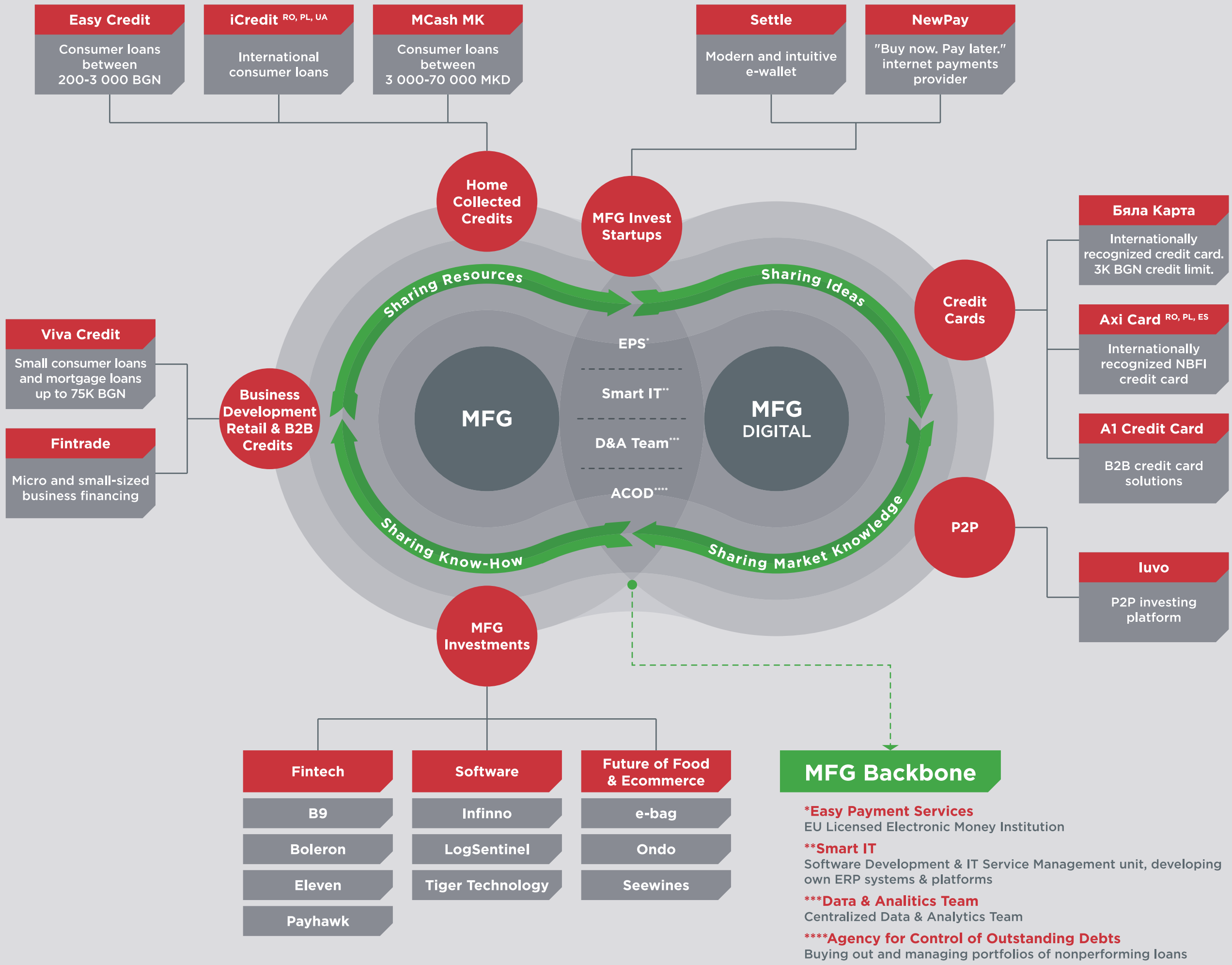
And in terms of global markets, we see that the valuations of fintech companies fell sharply. So, management focus has changed from growth to profitability. This requires a change in the mindset of the entrepreneurs and not everyone will survive. As investment funds and some fintechs have their bank accounts full, I expect to see rising M&A activity. The more successful businesses will be taking over less successful competitors to get access to new technologies, markets and people. I also expect to see more vertical integration.

I expect to see rising M&A activity

MFG

THE EASY FINWAY

BUILDING THE FINTECH ECOSYSTEM OF THE FUTURE, NOW



17+ Years of experience in financial services	**16** Strong and highly competitive brands	**7** Operations on European markets	**800 000+** Active clients
8 300+ Employees	**4.6 M+** Loans provided	**450+** Offices in CEE	

WE INNOVATE THE FUTURE RESPONSIBLY

in millions of euro

2021	2020	Company Name	Country	Gross written premium 2021	Y/Y Change in GWP 2021 (%)	Net profit/ loss 2021	Net profit/ loss 2020
1	1	Zavarovalnica Triglav d.d.	Slovenia	794.4	10.44%	73.4	58.0
2	4	Generali Zavarovalnica d.d.	Slovenia	450.1	5.65%	24.5	5.7
3	8	Euroins Romania Asigurare Reasigurare SA	Romania	446.0	67.90%	-6.8	-45.8
4	3	Zavarovalnica Sava d.d.	Slovenia	434.4	-2.81%	58.1	48.9
5	10	Allianz - Tiriac Asigurari SA	Romania	413.5	54.85%	24.3	24.4
6	5	Croatia Osiguranje d.d.	Croatia	386.9	6.06%	44.4	30.5
7	11	Groupama Asigurari SA	Romania	331.1	53.26%	4.3	3.5
8	7	Omniasig Vienna Insurance Group SA	Romania	327.4	16.41%	1.8	5.5
9	6	Vzajemna Zdravstvena Zavarovalnica d.v.z.	Slovenia	321.7	-6.14%	8.9	11.9
10	9	Dunav Osiguranje AD	Serbia	268.6	6.41%	21.4	27.3
11	12	Triglav Zdravstvena Zavarovalnica d.d.	Slovenia	199.0	1.33%	6.4	4.8
12	13	Generali Osiguranje Srbija AD	Serbia	199.0	6.00%	28.9	32.0
13	14	Euroherc Osiguranje d.d.	Croatia	197.0	10.48%	16.9	16.4
14	15	NN Asigurari de Viata SA	Romania	191.1	10.18%	14.6	17.0
15	17	Euroins AD	Bulgaria	175.9	15.25%	1.4	3.3
16	16	Lev Ins AD	Bulgaria	174.6	11.44%	n/a	2.9
17	22	Asirom Vienna Insurance Group SA	Romania	167.9	30.45%	-3.7	-2.4
18	18	Allianz Hrvatska d.d.	Croatia	163.4	7.70%	14.2	7.2
19	20	Adriatic Osiguranje d.d.	Croatia	162.5	22.08%	9.7	9.1
20	23	Wiener Osiguranje Vienna Insurance Group d.d.	Croatia	160.3	23.32%	6.4	5.3
21	30	Generali Romania SA	Romania	156.8	24.56%	8.5	7.5
22	19	Bulstrad Vienna Insurance Group AD	Bulgaria	154.9	6.05%	20.8	7.8
23	21	DZI - General Insurance EAD	Bulgaria	140.0	5.91%	21.1	21.4
24	28	Generali Osiguranje d.d.	Croatia	130.3	30.40%	0.9	-2.4
25	25	DDOR Novi Sad AD	Serbia	118.6	6.50%	6.0	10.6
26	24	Wiener Stadtische Osiguranje AD	Serbia	115.0	2.05%	10.0	10.3
27	26	Armeec AD	Bulgaria	111.0	5.79%	4.4	3.4
28	27	Dall Bogg Zhivot i Zdrave EAD	Bulgaria	102.3	-0.01%	2.2	1.5
29	34	Vita d.d.	Slovenia	101.1	30.91%	7.7	8.7
30	32	Bul Ins AD	Bulgaria	97.7	7.99%	4.2	0.9
31	29	OZK - Insurance AD	Bulgaria	95.9	3.00%	n/a	2.8
32	31	Generali Insurance AD	Bulgaria	93.5	7.15%	6.1	11.8
33	38	Triglav Osiguranje d.d.	Croatia	86.9	19.01%	1.8	-2.6
34	33	Allianz Bulgaria AD	Bulgaria	84.5	4.20%	7.9	11.1
35	35	BCR Asigurari de Viata Vienna Insurance Group SA	Romania	83.0	9.73%	6.2	6.2
36	36	UNIQA Osiguranje d.d.	Croatia	80.1	5.21%	4.0	3.2
37	37	UNIQA Asigurari SA	Romania	77.9	3.85%	3.4	0.8
38	45	BRD Asigurari de Viata SA	Romania	72.2	44.87%	1.8	1.1
39	40	Triglav Osiguranje AD	Serbia	69.3	13.90%	4.1	3.9
40	41	Grawe Hrvatska d.d.	Croatia	61.7	6.94%	3.7	1.7
41	48	Grawe Romania Asigurare SA	Romania	59.7	59.22%	-2.1	-3.5
42	39	Modra Zavarovalnica d.d.	Slovenia	56.6	-8.47%	19.0	4.0
43	43	Merkur Zavarovalnica d.d.	Slovenia	55.0	5.39%	3.5	3.1
44	44	Agram Life Osiguranje d.d.	Croatia	53.2	3.14%	2.5	4.0
45	46	Grawe Zavarovalnica d.d.	Slovenia	47.7	1.18%	1.0	1.3
46	42	Bulstrad Life Vienna Insurance Group AD	Bulgaria	47.6	-10.50%	n/a	2.1
47	47	DZI - Life Insurance AD	Bulgaria	41.4	10.46%	24.2	2.3
48	49	Grawe Osiguranje AD	Serbia	40.8	9.80%	6.4	7.2
49	52	AMS Osiguranje AD	Serbia	39.5	15.40%	4.4	5.0
50	50	Adriatic Osiguranje d.d.	Bosnia and Herzegovina	38.2	7.37%	3.3	3.1

VIENNA INSURANCE GROUP

in millions of euro

2021	2020	Company Name	Country	Gross written premium 2021	Y/Y Change in GWP 2021 (%)	Net profit/ loss 2021	Net profit/ loss 2020
51	62	Sigal UNIQA Group Austria Sh.a.	Albania	37.5	17.96%	3.1	3.7
52	51	Wiener Stadtische Versicherung AG - Branch Ljubljana	Slovenia	36.9	5.75%	n/a	5.2
53	61	UNIQA Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	36.5	14.75%	1.1	1.6
54	55	UNIQA Nezivotno Osiguranje AD	Serbia	35.9	8.56%	0.2	-0.7
55	54	Pool-ul de Asigurare Impotriva Dezastrelor Naturale SA	Romania	35.5	5.81%	8.0	8.4
56	80	Globos Osiguranje AD	Serbia	35.4	103.47%	3.3	0.0
57	60	UNIQA AD	Bulgaria	35.0	9.90%	2.7	1.0
58	new	Triglav Pokojninska Druzba d.d.	Slovenia	34.2	4.13%	1.7	-0.9
59	59	Lovcen Osiguranje AD	Montenegro	33.9	6.21%	1.3	3.9
60	53	Sarajevo Osiguranje d.d.	Bosnia and Herzegovina	33.5	-1.53%	0.5	0.3
61	58	Euroherc Osiguranje d.d.	Bosnia and Herzegovina	33.1	3.68%	5.7	4.8
62	56	Merkur Osiguranje d.d.	Croatia	32.6	-1.05%	1.6	1.6
63	63	HOK - Osiguranje d.d.	Croatia	32.6	4.98%	0.8	1.0
64	66	Triglav Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	31.4	13.68%	1.3	1.3
65	64	Milenijum Osiguranje AD	Serbia	30.8	2.95%	2.4	5.7
66	68	UNIQA Life Insurance AD	Bulgaria	30.1	14.93%	0.9	2.4
67	57	Onix Asigurari SA	Romania	30.0	-5.92%	11.8	7.4
68	65	Grawe Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	28.9	2.75%	2.2	2.1
69	67	Signal Iduna Asigurare Reasigurare SA (formerly known as Signal Iduna Asigurari de Viata SA)	Romania	28.7	9.47%	0.1	0.8
70	70	Albsig sh.a.	Albania	27.2	23.85%	2.0	1.3
71	81	UNIQA Asigurari de Viata SA	Romania	24.3	40.88%	0.0	0.9
72	74	ASA Osiguranje d.d.	Bosnia and Herzegovina	23.7	21.46%	1.7	1.3
73	new	Wiener Osiguranje Vienna Insurance Group a.d. Banja Luka	Bosnia and Herzegovina	23.3	14.48%	n/a	0.1
74	72	Sava Nezivotno Osiguranje AD	Serbia	23.1	11.76%	0.6	1.4
75	73	Triglav Insurance AD	North Macedonia	21.6	8.22%	0.5	1.1
76	69	Allianz Bulgaria Life AD	Bulgaria	21.4	-3.64%	0.4	3.2
77	71	Central Osiguranje d.d.	Bosnia and Herzegovina	20.9	11.13%	0.7	0.6
78	76	GRAWE Bulgaria Life Insurance EAD	Bulgaria	20.6	6.50%	0.8	1.1
79	77	Croatia Osiguranje d.d.	Bosnia and Herzegovina	20.3	8.38%	0.5	0.4
80	82	Sigma Interalbanian Vienna Insurance Group Sh.a.	Albania	18.9	11.62%	n/a	0.9
81	83	Eurosig Sh.a.	Albania	18.9	13.80%	-1.7	0.3
82	93	Groupama Insurance EAD	Bulgaria	18.6	42.03%	n/a	0.5
83	78	Grawe Osiguranje a.d. Banja Luka	Bosnia and Herzegovina	18.6	1.46%	1.2	1.0
84	85	Allianz-Tiriac Unit SA (formerly known as Gothaer Asigurari Reasigurari SA)	Romania	18.4	16.25%	-5.0	-4.4
85	79	Vienna Osiguranje d.d. (formerly known as Merkur BH Osiguranje d.d.)	Bosnia and Herzegovina	18.3	4.07%	0.3	0.1
86	87	Eurolink Osiguruvanje AD	North Macedonia	18.3	16.68%	1.5	0.4
87	91	Uniqa AD	North Macedonia	16.6	23.67%	-0.4	0.3
88	92	Halk Osiguruvanje AD	North Macedonia	16.1	20.71%	-4.2	0.4
89	84	Allianz Slovenija Zavarovalna Podruznica	Slovenia	16.1	-0.18%	0.0	-2.5
90	86	Energia AD	Bulgaria	15.8	0.39%	7.0	5.0
91	90	Sava Osiguruvanje AD	North Macedonia	15.3	10.98%	-0.3	0.5
92	new	Asterra Grup SA	Moldova	14.9	44.67%	1.7	0.8
93	89	Makedonija Osiguruvanje AD Skopje - Vienna Insurance Group	North Macedonia	14.8	5.62%	0.9	0.9
94	88	UNIQA Zivotno Osiguranje AD	Serbia	14.8	1.84%	0.5	1.1
95	96	Grawe Carat Asigurari SA	Moldova	14.5	13.62%	1.7	1.2
96	94	Sava Osiguranje AD	Montenegro	14.4	12.23%	n/a	1.8
97	97	Intersig Vienna Insurance Group Sh.a.	Albania	14.2	12.71%	0.7	0.7
98	new	Sigal Uniqa Group Austria Sh.a.	Kosovo	14.1	15.29%	0.8	0.1
99	95	Asset Insurance AD	Bulgaria	14.0	10.46%	1.8	1.4
100	new	Winner Vienna Insurance Group AD	North Macedonia	13.8	19.13%	0.3	0.6

SEE top insurers book double-digit growth in profit, GWP

By Nicoleta Banila

The top one hundred insurers in Southeastern Europe (SEE) saw both their net profit and gross written premiums (GWP) grow in double digits in 2021, despite persisting challenges related to the coronavirus crisis and low interest rates.

Their combined net profit rose by 26% to 599 million euro in 2021, from 475 million euro in 2020 and 497 million euro in 2019, outpacing the increase in GWP. Only eight of the top insurers closed the year in the red, while 38 recorded a decline in profits.

In 2021, SEE's biggest insurers registered 9.675 billion euro in GWP, 11.65% higher on the year and above the 8.8 billion-euro levels registered by the entrants in the ranking in 2019. Just nine insurers reported a decline in their GWPs in 2021.

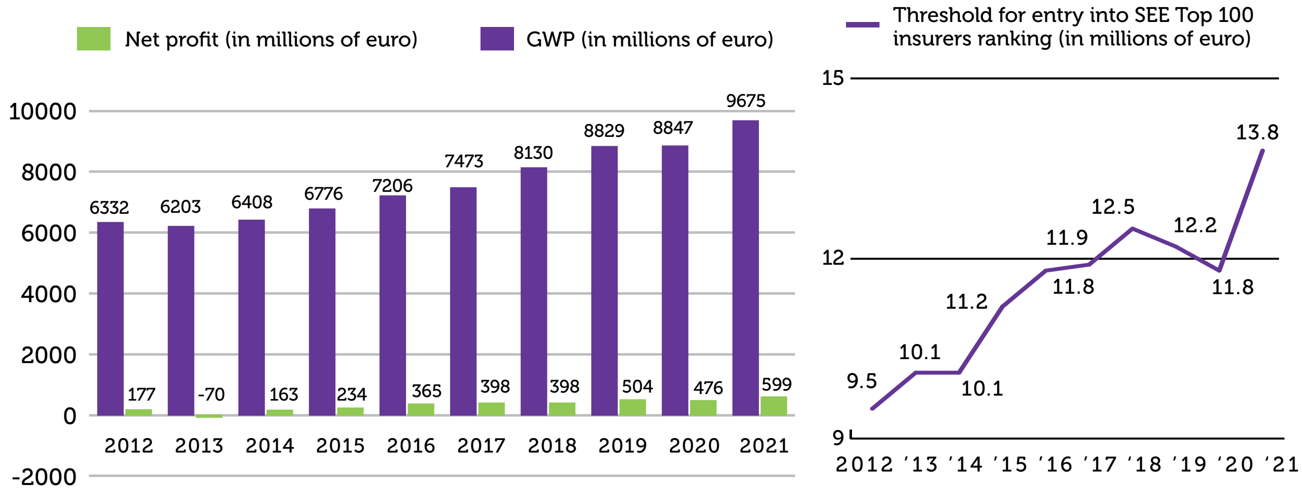
Slovenian giant Zavarovalnica Triglav remained the region's leader in terms of both GWP and net profit for yet another year, well ahead of its nearest competitor, local peer Generali Zavarovalnica. Triglav's GWP rose by an annual 11% to 794 million euro while its net profit expanded by 27% to 73.4 million euro. The better-than-planned results followed prudent underwriting activities and management of client assets in mutual funds as the frequency of claims was low. The insurance group retained a strong focus on the digitalisation of claims processing, sales and client relationship management. Going forward, the Triglav Group plans to develop business ecosystems in order to meet different client needs, expand its market presence and create new sales opportunities, and will continue with its digital transformation process. By 2025, the group targets to achieve total annual revenue of over 1.6 billion euro.

Another Slovenian insurer, Generali Zavarovalnica, climbed to second place from the fourth position in 2020, replacing Romania's City Insurance, which went bankrupt. Generali Zavarovalnica's rise in the ranking followed the acquisition of its Slovenian peer Adriatic Slovenica in 2019. Whereas Generali Zavarovalnica's GWP increased by less than six percent in 2021, its profit expanded fourfold.

Euroins Romania Asigurare Reasigurare, a unit of Bulgaria-based EIG, raced up five positions to the third place after its GWP rose by an annual 68%. However, 2021 was Euroins Romania's third consecutive year without profit, mainly due to losses incurred in the third-party liability car insurance segment. Nevertheless, the company sharply narrowed its net loss to 6.8 million euro from 45.8 million euro in 2020.

Slovenia's Zavarovalnica Sava occupied the fourth spot in the ranking with GWP of 434 million euro, down 2.8%. In terms of net profit, however, it

TOP 100 INSURERS COMBINED FINANCIAL RESULTS 2012 - 2021



ranked second. Its net profit went up 19% to 58 million euro, driven by stable revenue growth, favourable claims developments, cost efficiency and investment return in all segments.

Slovenian companies account for 27% of combined GWP of SEE TOP 100 insurers

Romanian insurer Allianz - Tiriac Asigurari climbed five positions to the fifth place. Its GWP surged 53% to 413.5 million euro on the back of strong increases in the third-party liability, life and travel insurance segments. Its financial situation is expected to improve further with the integration of local peer Gothaer Asigurari Reasigurari estimated to be completed by the end of 2022. The transaction was announced by the two parties in late 2020. Gothaer, now named Allianz-Tiriac Unit, ranks 84th in this year's ranking.

The sharpest rise in GWP among the SEE TOP 100 insurers was registered by Serbia's Globos Osiguranje, which entered the ranking in 2020. Within a year after local car dealer British Motors became its majority owner, Globos Osiguranje more than doubled its GWP to 35.4 million in 2021.

Slovenian insurers dominate the ranking both in terms of GWP and net profit in 2021. They reported a combined GWP of 2.58 billion euro in 2021, equal to 27% of the combined GWP of all hundred entrants.

Five new entrants made it into the ranking - Slovenia's Triglav Pokojninska Druzba, Bosnia's Wiener Osiguranje Vienna Insurance Group a.d. Banja Luka, Moldova's Astera Group, Kosovo's Sigal Uniqa Group Austria and North Macedonia's Winner Vienna Insurance Group.

METHODOLOGY

SEE TOP 100 insurers is a ranking of the largest insurers (excluding re-insurers) in Southeast Europe in terms of gross written premium from non-consolidated income statements for 2020.
To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2020 and 2019, respectively. Local currency figures have been used when calculating year-on-year changes.
All data is sourced from central banks, national commercial registers, financial supervision commissions, insurance associations, government and corporate websites, and companies themselves.
The initial pool of companies exceeds 200 insurers.

We will transition to service-oriented business model

By Nevena Krasteva

Uros Ivanc,
Triglav Group
Management Board member

What lies behind Triglav's better-than-expected financial results in 2021?

The year 2021 was challenging as it was marked by the ongoing COVID-19 pandemic, fierce competition and the unfavourable situation in the capital markets in terms of interest income. Under these circumstances, it was essential that we took a disciplined approach to underwriting risks, while continuing to focus on clients. In this way, we managed to increase business volume and achieve good results, which stem from underwriting activities and the management of clients' assets in mutual funds and discretionary mandates. Along with premium growth, the results were positively influenced by the relatively lower frequency of claims and the favourable development of claims provisions formed in past years, which were managed in a conservative and prudent manner also in 2021.

We focused on developing client-friendly products and services, digitalising back-office and claims processes, expanding digital sales and upgrading the digital office. Specifically, this means that the concept of full flexibility was taken into account in redesigning home insurance, in addition to launching new modular insurance products. We continued to connect traditional distribution channels with new technological solutions, which enabled us to further transform the traditional sales method into a hybrid one. Furthermore, we maintained a high level of accessibility of our services while expanding communication channels. The client relationship management information system was upgraded, while the functionalities of the i.triglav digital office and online applications intended for clients in both core activities were expanded. In order to further grow our business in the region, we entered into new strategic partnerships. We also continued with the centralisation of asset management. Last but not least, I would like to add that we maintained and further strengthened the sustainability orientation in our operations. Sustainability is integrated into the Triglav Group's operations and expressed in our mission of building a safer future.

What key indicators are you targeting in 2022?

Based on strategic starting points and last year's macroeconomic forecasts for 2022, the Triglav Group plans a profit before tax of 120–130 million euro and an increase in total written premium to more than 1.4 billion euro; however, due to the growth of the insurance portfolio and other factors, we also expect an increased volume of claims paid. The combined ratio is expected to remain favourable below 93%. Due to the low interest rates at which our investments were reinvested in the previous financial year, we anticipated a further decline in rates of return on investment, excluding unit-linked assets. We estimate that the planned annual profit will be achieved; however, it should be stressed that the risks related to the realisation of target profit increased significantly due to negative influences from the business environment.

This year, as expected, we have faced a challenging situation, which has become even more severe. In addition to the consequences of the COVID-19 pandemic, these are marked by a worsening macroeconomic situation with high growth in general inflation and an unfavourable situation in international financial markets. Under such circumstances, the importance of the robustness of our business model and the resilience of the Triglav Group's underwriting activities and the solvency position is confirmed. By ensuring an amount of capital that adequately exceeds the set level of underwritten risks in accordance with the strategic guidelines, we will strive to maintain high credit ratings, which reflect the high level of the Group's financial stability and security.

In the beginning of this financial year Triglav revised its strategy for 2025. What objectives has the Group set forth in the new strategy?

In its revised strategy for 2025, the Triglav Group maintained its key guidelines and upgraded it in terms of development activities, focusing even more on its sustainable development ambitions –environmental, social and governance factors – than before. This enables us to create a long-term stable basis for the Group's profitable and safe operations, promoting the transition to a sustainable society and reducing its impact on climate change, while remaining a development-oriented environment for its employees, maintaining ties with its partners and representing a stable, safe and profitable investment for investors.

Our efforts during this strategy period will be focused on creating an outstanding client experience that is consistent across all channels, processes and products. We will develop a client-tailored range of insurance and financial services, gradually transitioning from an insurance-oriented business model to a service-oriented business model and ecosystems so as to address even more effectively various but interrelated client needs. The Group will continue with its digital transformation process with the aim of becoming the leading digitalised insurance and financial group in the Adriatic region. In order to achieve the set goals, we will continue to strengthen the highly effective and service-oriented organisational culture, which is co-created by more than 5,200 healthy, satisfied and dedicated employees of the Triglav Group. In terms of financial indicators, our goal is for the Group's total revenue to exceed 1.6 billion euro in 2025, and to achieve a 10% return on equity in the strategy period.

The Triglav Group has been digitally upgrading its products and expanding the scope of its services into areas such sustainable mobility and pet health. What new products do you have in the pipeline?

Products and services are designed by developing business ecosystems that help expand the Group's market presence and create new sales opportunities. The Group's main long-term competitive advantage is the upgrading of insurance and financial products with assistance and related services, which are provided via a partner network. In this way, a comprehensive solution to clients' needs is ensured in addition to their financial security. The main building blocks of all our ecosystems are assistance services expanded by related services, which are supported by advanced information and digital solutions.

We build ecosystems in five key areas: care for people's health, care for small animals' health, safe and sustainable mobility, carefree and safe living, and financial services. We bring together all these areas in the redesigned Triglav komplet bonus programme, which upgrades our relationship with policyholders and rewards client loyalty, while being an opportunity for cooperation with new clients. With respect to care for people's health, last year we included new healthcare partners in the well-developed business ecosystem, upgraded existing partnerships and expanded the range of services available, thereby continuing to provide comprehensive medical treatment to policyholders. In a similar way as with our healthcare partners, we entered into partnerships with providers of home, car, computer, micromobility and small animal assistance. We are also constantly strengthening and upgrading these partnerships. An example of this would be the progress made in the insurance of electronic devices, targeting clients in the partner sales network during the purchasing process. The digital ecosystem formed by Triglav Skladi's digital platforms is also being further developed in terms of asset management.

Triglav Group last year entered into strategic partnerships aiming to diversify its operations geographically. Could you share more details about your plans regarding this?

The Group currently operates in seven markets and six countries. Furthermore, it operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as reinsurers. The markets of Southeast Europe are our natural markets, as we have a historical connection with them, we understand the needs of policyholders there, and as the leading insurance and financial group in the region, we play an active role in the development of markets. In the markets where we hold a high market share and the leading position (Slovenia, Montenegro and North Macedonia), we are pursuing a consolidation strategy, whereas on the remaining markets (Croatia, Serbia, Bosnia and Herzegovina) we are strengthening our position.

We enter the markets where we are not directly present and strengthen our presence through contractual partnerships as an insurance provider that plays its part in developing a full range of products and services. Our presence in this segment in 2020 included cross-border services in more than 15 EU member states. In addition to business partnerships in Greece, Italy, Norway and Netherlands, new operations were launched in Poland and Denmark last year. Although these forms of business are insignificant in terms of premium volume, they are considered important in terms of development.

We build ecosystems in five areas: people's health, small animals' health, safe and sustainable mobility, safe living, and financial services

Our success is built on broadly diversified business model

Elisabeth Stadler has been chairwoman and CEO of Vienna Insurance Group since January 2016. She has been working in the insurance industry for more than 35 years now. She was member of the managing board of various companies of UNIQA Group, CEO of ERGO Austria International AG, CEO of Donau Versicherung, a member of Vienna Insurance Group. Stadler holds several positions on the supervisory board of companies of VIG Group and Austrian groups OMV and voestalpine.

Elisabeth Stadler,
Vienna Insurance Group
CEO

Photo: Philipp Lipiarski

Vienna Insurance Group has again presented a very good result for the first half of 2022. What are the main reasons for this positive development?

We are very satisfied with our results in a very challenging time, which is primarily characterised by the war in Ukraine, high inflation and the pandemic that is still present. Although these influences, which also apply to the insurance industry, are dampening the economic outlook, VIG Group continues to demonstrate very strong resilience, which is once again manifested in improved key figures. Improving premiums and profits, as well as the combined ratio, cannot be taken for granted. The success of our group is built on a long-term oriented and broadly diversified business model, which shows its strengths especially in particularly challenging phases. Also, digitalisation plays a very important role. We have the great advantage that in many of our markets digital literacy is considerably higher than in Austria for example, and we have launched most innovative projects in CEE.

We have striking double-digit growth rates in premiums in Romania, Serbia and Bulgaria, with growth coming primarily from the non-life business

How well did the markets in the SEE region perform?

We are making profits in all our companies in this region and are showing rising premiums. With the annual report of the results for 2021 we have reduced our segments from twelve to six. All SEE markets are represented in the segment Extended CEE. We have particularly striking double-digit growth rates in premiums in Romania, Serbia and Bulgaria, with growth coming primarily from the non-life business.

Insurance penetration in CEE is on average less than one tenth of that in Western Europe

VIG is represented by three companies in Ukraine. How does the Ukraine war affect VIG's operations and business expectations?

We have been present in Ukraine since 2004 by three companies that generated a premium volume of around 100 million euro in 2021. We are number 3 on the market. In relation to the total premium volume of 11 billion euros, the share is small, but before the war we defined Ukraine as a market with disproportionate market growth. We are fortunate to have no presence in the embattled regions of eastern Ukraine. At the beginning of the war, all activities were suspended, but our Ukrainian colleagues are very committed and are now maintaining business operations again. Even employees, some of whom have fled with their family members, are working from abroad with their laptops and want to be there for the company and the customers. We have great respect for the loyalty and commitment of our Ukrainian colleagues. This allows us to make the best possible use of the potential in the insurance business, but above all to be there for our customers.

At the moment, however, our focus is not on the economic aspect but on the human aspect and the situation for our approximately 1,400 employees. Immediately after the war began, we started coordinated aid and support activities within the group, especially in the countries neighboring Ukraine. Our companies set up apartments for employees and their families. We were thus able to provide housing for more than 500 people. We initiated the "VIG Family Fund" with a basic endowment of 5 million euro. Our companies and employees have paid into this fund and currently we have about 7 million euro to provide direct support to affected families of our Ukrainian companies for the reconstruction of destroyed apartments and houses, as well as for personal hardship caused by the war. The solidarity within our group is fantastic.

We are still on track with our strategic programme despite the current major challenges

How do you think the war in Ukraine will continue to affect the economies of Central and Eastern European countries?

Economic growth is slowing down for the time being, not just because of the Ukraine war, but also because of the associated rise in inflation and supply chain problems. However, according to economic forecasts, a recession remains avoidable for most countries. At present, it is very difficult to make estimates about growth opportunities, because there are far too many influencing factors. If oil and gas have to be rationed in the winter, the whole region could slide into recession. A very negative factor is high inflation, which is currently in double digits in most countries and clouds growth prospects because it reduces people's real incomes. This affects purchasing power, and we could also feel this as an insurance company in the form of less demand for insurance products. We will probably still be confronted with elevated inflation in 2023. However, we must generally assume that the catching-up process of CESEE with Western Europe will slow down in the near future.

I dare not predict when we will return to the situation we had before the pandemic, when the rule was that economic growth in the CESEE region was on average at least twice as high as in Western Europe. But I am convinced that we will find this situation again, because there is still a lot of growth potential in this region, also for insurance companies. Insurance penetration in CEE is on average less than one tenth of that in Western Europe.

Your insurance company is focusing on this growth region and is expanding its market leadership in CESEE. What consequences do you expect for your business?

We showed a high level of resilience during the pandemic and are continuing to do so. We were already able to return to our pre-Corona level in our operating business by the middle of 2021, and this means compared to our very good year 2019. I attribute this, among other things, to our successful diverse positioning of the group and the ability of our local operating companies to act quickly. We operate in 30 countries with around 50 companies under different brands and we stringently pursue our approach of local entrepreneurship. We continue to see ourselves in a position to manage the challenges well. But of course, the geopolitical and economic situations also affect our business, to which we have to respond. For example, to the increased cost pressure resulting from the low real interest rate and the pressure on margins due to ongoing inflation. We also need to anticipate lower demand for insurance due to inflation-related loss of purchasing power mentioned earlier, for which we will more strongly position ourselves on platforms and in ecosystems to drive new customer access. We are countering rising costs and market pressure as part of our VIG 25 strategy programme, where we continue to implement numerous measures to increase our profitability and productivity. Digitisation plays a very important role here, making a major contribution for increasing cost efficiency, and on the other hand, offering customers faster, easier access to their services and additional benefits, such as with our assistance services.

Will you change your CESEE strategy due to the Ukraine war, inflation and other factors?

In the VIG 25 strategy programme, we have set the goal to maintain and further expand our market leadership in the CEE region. To this end, we have redefined our core CEE market, which comprises 20 countries, and screened them according to local market situation, growth potential, earnings opportunities and other KPIs. Based on this, we are planning corresponding local targets and activities. We have reviewed our strategic plans due to the war in Ukraine and see no reason to change them. The initiatives launched in VIG 25 support the very positive current outcome and will continue to be implemented after being evaluated regarding the current challenges. VIG pursues a long-term strategy in its markets, and has only left one market: Russia, and that already in 2012.

We have set the goal to maintain and further expand our market leadership in the CEE region

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Euroins Romania set for growth through products diversification, digital transformation

Tanja Blatnik,
CEO of Euroins Romania

Euroins Romania Asigurare-Reasigurare (euroins.ro) has been a pillar of the Romanian insurance industry for 28 years. More than 2 million customers have chosen the company as the first option for MTPL insurance, growing rapidly also on NonMTPL segment in the past few years due to impressive range of facultative products company is offering the market. The products are offered online, through direct agent network and through most broker companies present in the country. The company has contracts with over 800 car services, over 1000 medical clinics and several thousand brokers all over Romania. For 2021, it reported a turnover of 450 million Euro and paid out 306 million Euro in damage claims, contracting over 800 car services and over 1000 medical clinics in order to provide quality nationwide claim services. Company supported growth and financial stability significantly through capital injections over past few years, part of the funds coming from a new partnership with EBRD, as a proof of confidence from the bank in the company's potential to grow.

Euroins Romania Asigurare-Reasigurare is a member of Euroins Insurance Group (EIG), one of the leading insurance groups operating in Central, Eastern and Southeastern Europe. EIG provides a full range of insurance products, serves over 4 million customers in 14 countries and has over 3,000 employees.

EIG is part of Eurohold Bulgaria AD, a financial and energy group active in electricity distribution, supply and trade, insurance, leasing, car sales, investment services and asset management in Southeast Europe. Eurohold is listed on the Bulgarian and Warsaw Stock Exchange. In 2021, Eurohold, through its unit Eastern European Electric Company, acquired the subsidiaries of Czech energy company CEZ Group in Bulgaria, which have over 3,000 employees and serve almost 3 million clients.

What challenges does an expat face as CEO of a Romanian insurance company?

Romania is now part of my professional and personal path and every day I go to work, in my Bucharest office, I feel grateful for the opportunity and for this great experience. Of course, there are challenges, especially for foreigners building their businesses here and sometimes you encounter them at every step, yet I see Romania as beautiful and surprising as it can get.

From my first day as CEO of Euroins Romania, my focus was on deeply and thoroughly understanding the company, the people I work with and the local business environment. Coming from a foreign country makes little difference to me as performing at my best, together with my team of Romanian and Bulgarian colleagues, is my goal and my top priority.

Romania is a country where predictability is not a real asset, but I feel that this is a challenge worth taking up. I am passionate about the insurance industry. I have been in it for over twenty years now. I believe that insurance was invented as social help, and we, the insurance companies, are just a wheel in this machinery. I resonate with this philosophy and I am driven by the idea to help build a more secure and sustainable Romanian society, better prepared for the everyday challenges and unpredictability.

I get motivated by the complexity of a project, by passionate people from whom I keep learning every time I get the chance. I am even more determined when I hear "no, it can't be done", because I believe that things can be done, provided you have the right people around you, and you are driven by patience and openness.

I have learnt that facing challenges and solving the most difficult problems will also set you on the path to finding the best solutions, achieving progress and being successful.

Euroins Romania is a very important player on the Romanian insurance market, and that is why my goal here is to help further grow the company and reposition it on the local market through diversification of products and digital transformation.

What does Euroins Romania look like a year after the company's entire management board was replaced?

In less than a year, the company has seen massive improvements from digitalisation of processes to diversification of insurance products, as well as a major decrease in complaints and faster payments combined with an important increase in the non-MTPL segment.

Other important achievements of our team are of course the new branding, the focus on improving the customer experience and the change in the company culture.

The positive results of our efforts can already be seen in the financial figures:
Euroins Romania ranked first among insurance companies by gross written premiums for general insurance in the first quarter of 2022, with a market share of 23.2%.

As many as 1.2 million policies of all insurance products were sold in the first quarter, compared to 0.9 million last year, meaning the number of customers trusting Euroins increased by 36% in the first quarter of 2022 compared to the first quarter of 2021.

Our optional car insurance product CASCO has the biggest sales increase in the review period, by more than 800% year-on-year. Travel, health and property insurance are also increasing more than three times.

We are moving faster than a year ago. In claims processing, the period from the submission of an applicant's request to the date of payment was reduced by 86%. Now, the average payment on all claims is just five days, compared with 35 days in the first quarter of 2021.

This is how Euroins has changed in just one year, clearly showing the great potential of our company and our team since the journey of changes is far from over.

What were the biggest challenges for the company over the past year?

Euroins has been undergoing a very demanding recovery plan over the last year, so delivering the change, we were faced with many challenges internally. I am thankful and proud of the strong and passionate team that is daily overcoming demanding challenges.

After the bankruptcy of one of the insurance companies in Romania, our main competitor on MTPL market, many expected that an explosion of MTPL sales would massively increase the MTPL market share and thus financially weaken Euroins and destabilise the insurance market. But we sticked to our strategy, we put a strong emphasis on non-MTPL insurance in order to have a balanced portfolio and a better positioning of the company, and by doing so we contributed to a reconfiguration of the market.

In the first quarter of 2022, the market share of Euroins in MTPL was 36%, increasing at a much slower rate than our competitors after a 45% market share distribution of the bankrupt insurance company's clients. Current developments shows that by the end of the year Euroins will reach a market share below 30% for MTPL. This is a sign that the insurance market is stabilising with a more balanced distribution of MTPL where Euroins holds a solid position.
So, we succeeded in overcoming that challenge and it made us stronger.

Meanwhile, the shareholders carried out successive capital increases to better position the company in the market. In addition, the involvement of the European Bank for Reconstruction and Development in the shareholding of the parent company confirms that Euroins is on the path to become a landmark on the Romanian insurance market. It also sent out a message of confidence and unprecedented opportunity for the development of the local insurance industry.

What are the company's goals for next year?

We will, of course, stay on this positive path, sticking to the strategic commitments we have made. We will follow our vision of a sustainable and strong business, diversified with new insurance products that we hope will bring insurance closer to Romanians' hearts.

Despite the challenges that the Romanian insurance market is throwing at us every day, we will continue to work on a very demanding recovery plan that we have committed to, under the strict supervision of the authorities.

Euroins has been a pillar of the Romanian insurance industry for 28 years. The company has put its vast experience and expertise at the service for more than 4 million customers over the years. We see our future job as continuing to uphold the big responsibility and duty of providing Romanian people with the best services and we will do our best to contribute to a safer and less worrying future for them.

Euroins Romania ranked first by GWP in general insurance in Q1 of 2022

Pharma remains SEE's most profitable sector

By Antonia Kokalova-Gray

Throughout a year marked by sporadic but enduring pandemic breakouts, the pharmaceutical industry in Southeast Europe, represented in the SEE Top 100 ranking by two companies, retained its leading profitability standing with a double-digit return on revenue (RoR). This indicator, however, eased to 14.46% in 2021 from 15.42% in 2020, after Slovenia's Krka booked a 4.8% drop in revenue to 1.4 billion euro.

As economies around the world recovered and metal prices surged on global markets after demand outpaced supply, the metals sector booked a rise in profitability to 8.57% from 3.33%, and displaced the glass industry from second position. Seven metals companies made it to the SEE Top 100 rankings, with top-five lister Aurubis Bulgaria, a unit of German copper producer Aurubis, jumping ahead of other sector players thanks to a 37% rise in revenue.

Revenue returns at SEE's telecoms businesses, Romanian operators in particular, allowed the sector to emerge as the third most profitable last year, with a RoR of 6.76% against 5.22% in 2020. With some 5 billion euro of total revenue, telecommunications, represented by five companies, came in sixth in terms of revenue, after an aggregate annual increase of some 400 million euro.

SEE's rubber producers, represented by seven companies including tyre manufacturers Tigar Tyres in Serbia and Michelin Romania, slipped to fourth place in the profitability rankings and thirteenth in terms of total revenue.

With industrial production gradually beginning to restore its impetus after the near-standstill of 2020, the petroleum and gas, and electricity sectors emerged as a major growth driver. However, the two sectors' total RoR was not as remarkable as their total revenue as price volatility in the beginning of the year brought losses to some sector players. The oil and gas sector generated the highest total revenue out of the 15 sectors monitored, with a 53.8% annual growth rate to 43.7 billion euro, yet RoR came in at 4.32%. The electricity sector, with 15 companies featured in this year's rankings, accounted for the region's third-highest revenue, of roughly 25.1 billion euro, and the fifth highest RoR, of 4.46%.

With pandemic-driven constraints easing, consumption picking up and e-commerce expanding further, the wholesale/retail sector booked the second-highest total revenue, of 33.8 billion euro. Meanwhile, RoR in wholesale/retail placed it in eighth position, unchanged from 2020. Wholesale/retail was also the best represented sector with 26 companies, including two new entrants.

Although the manufacturers of cars and car parts kept their 11th place in terms of profitability, which inched up just 0.8 percentage points, the industry had the fourth-highest total revenue in SEE, of 14.2 billion euro. Production rates in the sector remained negatively affected by the ongoing chip shortages and high prices of raw materials.

	Return on Revenue 2021
Pharmaceuticals	14.46%
Metals	8.57%
Telecommunications	6.76%
Rubber/Rubber Products	6.11%
Electricity	4.46%
Petroleum/Natural Gas	4.32%
Chemicals	3.84%
Wholesale/Retail	3.31%
Food/Drinks/Tobacco	3.17%
Financial Services	3.16%
Automobiles	1.55%
Transportation	0.81%
Construction	0.71%
Agriculture	0.64%
Electronics	-0.02%

METHODOLOGY

The SEE industrial ranking pools together the revenue generated by all companies in SEE TOP 100 and ranks sectors by cumulative revenue. Year-on-year changes in the sectors' total revenue have been calculated using the figures in euro. The comparative figures for 2020 are revised to allow a fair comparison.
The sub-ranking of the industries with the highest return on revenue was calculated by dividing the cumulative net profit/loss within each industry by the cumulative revenue.
We have based our rankings on an industry classification which treats filling station operators and gas trading/distribution companies as Petroleum/Natural Gas companies, pharmacies and pharmaceutical distributors as Wholesale/Retail, and automotive and car parts manufacturers, and sellers as Automobiles.


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Innovating for better future

George Margonis,
General Manager of Philip Morris Bulgaria

Philip Morris International is undergoing a historic transformation moving from cigarettes to smoke-free products and evolving into a broader lifestyle company. We talk with George Margonis, General Manager of Philip Morris Bulgaria, about the role of sustainability in this transformation and how ESG is incorporated in the way companies run their business nowadays.

ESG has become an essential part of how to do business yet companies take a different approach to it. What is PMI's approach to ESG?

Our strategy is to responsibly transition from a cigarette company into a world-leading smoke-free business, while exploring new avenues of growth in the areas of lifestyle, consumer wellness and healthcare. We are disrupting our business to achieve this ambition as quickly as possible—shifting our resources and fundamentally changing both our purpose and our operations. Almost all our R&D and most of our commercial investments are dedicated to smoke-free products. To our knowledge, we are the only company ever to have proactively disrupted its own business in a quest for a better future for all. And we are making rapid progress. Innovating for a better future and addressing the health impact, generated by our products, is in the heart of our sustainability strategy. We are taking every step possible to completely replace cigarettes with better alternatives for those adults who would otherwise continue smoking, addressing challenges across our value chain and seizing opportunities to add value to society. We have publicly committed to this ambition and have detailed our work and performance in the areas of human rights, labour rights, environment, and anti-corruption. We have recently expanded our sustainability metrics and goals in these areas with a particular focus on achieving our smoke-free vision. We will continue to be transparent and disclose both progress made and challenges we face.

Can you elaborate a bit more on what are the different areas you are focusing on?

We focus on developing strategies that can successfully address the environmental, social, and governance topics identified as a priority by our sustainability materiality assessment. We have outlined two distinct forms of social and environmental impacts - those generated by our products, or what we produce, and those generated by our business operations, or how we produce. Through a dedicated team we have been taking into an account everything that we represent as a business – our products, our partners, our employees, our consumers, our footprint. Topics related to the social impacts generated by PMI's products—including "product health impacts," "sales, marketing, and consumer communications," and "wellness and healthcare"- were identified as a clear priority and represent those areas with the greatest transformative potential for the company. In specific, "product health impact" was deemed the topic carrying both the biggest risks and the greatest opportunities linked to reputation, regulation, and revenue growth. Further, "wellness and healthcare" was included as a new topic in the assessment, in line with PMI's aims to generate revenues from products that do not contain tobacco or nicotine and to transition into a broader lifestyle and consumer wellness company. Additionally, PMI identified three topics that were not included in the list of most material topics, but that the company expects to gain momentum in the future: "human capital development," "biodiversity," and "water." We have also recently started conducting periodic sustainability materiality assessments, which is a tool that allows us to monitor and adapt our business and long-term strategy to social, environmental, economic, political, and technological changes.

What key goals would you like to achieve and within what timeframe?

Sustainability is a journey that will be part of our lives and how we do our business for a long period of time ahead. We have much to achieve in order to face the expectations of our consumers, customers, investors and even our own – the goals we have set for ourselves are ambitious and prove our commitment to be a responsible organization that runs a responsible business. We remain committed to our smoke-free future mission by offering better alternatives to those adult smokers who would otherwise continue to smoke and by laying the foundations of a strong business in other areas beyond nicotine as well. The reality is that the vast majority of smokers simply do not quit. Even the WHO's predicts that there will continue to be more than 1 billion smokers by the year 2025, roughly the same number as today. Providing these smokers with science-based, less harmful alternatives is, therefore, a commonsense solution to improve public health. We believe that with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries.

What are some of the key initiatives you're running on a local level in Bulgaria?

When it comes of practical things that we can do here in Bulgaria - our objectives are aligned with the global ones and localised after that, so they can fit best our reality here. So far more than 200,000 people in Bulgaria have switched to our products with the aim to double them by 2025. We will continue to provide access to our smoke-free alternatives to the adult smokers in the country, fighting misinformation and providing them with accurate information about the science behind our products and raising their understanding about what causes the harm in smoking, so that they can make informed choices. At the same time and we will continue to be very strict when it comes to youth access prevention and illicit trade monitoring. We will take care of the so-called post-consumer waste through different programs and initiatives for internal and external audiences. Last but not least we will continue leading by example by providing equal opportunities for our employees in Bulgaria, taking care of their wellbeing and safety at work. We are proud of our achievement and certification in recent years – Philip Morris International is the first international company to receive the prestigious Equal Salary Award for equal pay for equal work – one of the evidences of our great focus in this field. Last but not least, we will continue securing human capital development and keeping up with our diversity and inclusion policies, while making sure we meet the global guidance for sustainable offices and sustainable car fleet.

To our knowledge, we are the only company ever to have proactively disrupted its own business in a quest for a better future for all

This article is published with the support of Philip Morris Bulgaria.

Southeast Europe's financial sector differentiates with Kyndryl services

Kyndryl helps SEE banks use technology to center solutions and talent around financial innovation

In recent years, technology and regulatory changes have triggered profound digitalisation and disruption in the European financial services industry. More and more people today are using their cell phones to pay, to trade, and to do all sorts of financial transactions with almost everybody. Hence, established banks fear not only from fewer people visiting their branches, but also from completely new competitors, such as fintech startups or tech platforms, for example. This trend was further accelerated by the pandemic, which forced banks and their clients to communicate even more closely, directly and digitally using different business models, channels and apps.

As a result, the number of digital banking users has increased significantly in the last years. Online banking has become the norm in Europe. In Norway, for example, 96% of the population accesses banking services online, while the use of physical cash is declining – more notably in Germany and Austria. In the Euro area, comprising 19 different economies, over two thirds (61%) of the population uses online banking.

"New entrants and new habits among consumers combined with changing economies and regulatory environments are transforming banking services as we know them," says Csaba Izbeki, Managing Director at Kyndryl Eastern Europe Territory. "Digitalisation is the foundation of these shifts. We see that today every financial services company – no matter if it is an established bank, or a startup challenger - is looking for new IT integration services and solutions that help automate operations, predict outcomes, prevent cyber-attacks and better manage increasingly diverse workloads and platforms on premise or in the cloud".

Csaba Izbeki,
Managing Director at Kyndryl Eastern Europe

All this points to a financial services industry that is likely to look very different in the near future.

IT Services Integration – Key to Successful Banking Digitalisation

Digitalisation is now at the heart of banking operations. A Kyndryl sponsored research by SeeNews in banking sector in SEE countries (Bulgaria, Croatia, Hungary, Romania and Slovenia) found that every year more than half a million new clients begin looking for new digital offerings from their bank. In 2021 the top 87 SEE banks spent approximately 700 million euro on IT with a growing proportion invested in new digital services. However, while almost all SEE banks have undergone at least one digitalisation initiative in the last year, the demand for existing and new digital services is increasing exponentially.

The research shows that SEE banks are heavily investing in IT. Yet, the return on these investments (ROI) varies. Clearly, the organisations with the highest ROI are the ones with a holistic approach to banking in the digital era. Merely introducing disparate online services or high-end products is not enough to achieve sustainable ROI.
"As lines between finance and technology increasingly blur, the success and sustainable ROI from the digital strategies in banking lies very much in the right IT services integration that is specific to each financial organisation," adds Izbeki. "As an IT services integrator, Kyndryl is managing the services and underlying infrastructure in an integrated and unified way. We are modernising our clients' IT environments to help them meet increasingly complex customer

Fig. 1

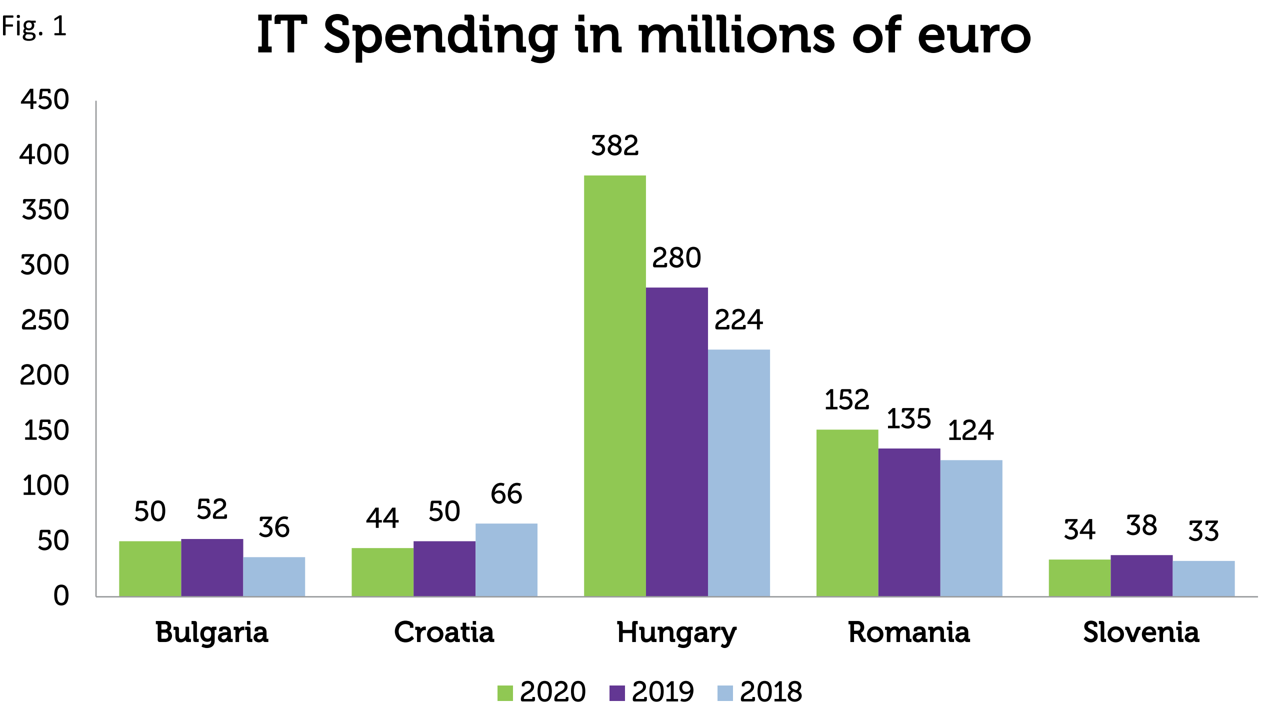
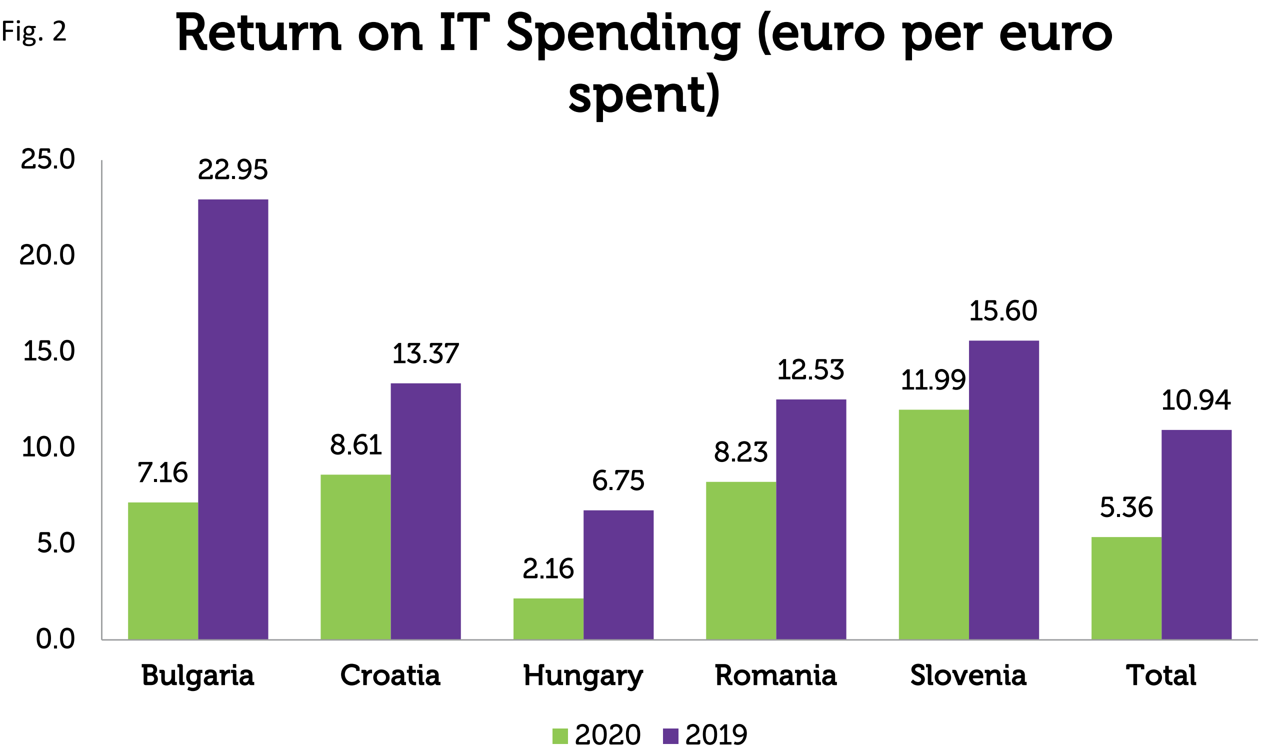


Fig. 2



The charts represent values identified by the report on SEE banks' digitalisation

demands, improve business processes and profitability. Such integration brings order to the modern multi-cloud, multi-platform and multi-vendor IT environment, helping banks consolidate IT management more efficiently, and providing greater visibility across discrete servers, networks, and applications."

"The right technology and the industry expertise to put that technology to its best use are instrumental in keeping up with a rapidly changing financial services landscape. With Kyndryl and its partners, clients have both."

Some examples of how Kyndryl is driving innovation for its banking clients include end-to-end innovation by integrating digitalization through multiple layers of their operations – from modernising core processes in back-office systems through developing front-office digital platforms and client-facing online systems.

Examples:

• **In Hungary**, CIB Bank Ltd., one of the major Hungarian banks, has engaged Kyndryl in a three-year technology services agreement to modernise and operate its lending workflows and the underlying platform. As a universal credit institution, CIB Bank offers a full range of commercial banking and investment services for nearly 415,000 clients through a nationwide network of branches, while constantly seeking innovative solutions tailored to its clients' needs. As part of its partnership with Kyndryl, CIB Bank is updating its lending processes and how they are managed. It's a change that enables the bank to more swiftly respond to market and regulatory changes, as well as streamline workloads and processes for the bank's employees.

"Having to deal simultaneously with old and new applications, as well as with different and disparate processes being introduced over the years in an unintegrated way, we were facing a serious challenge due to the not fully-fledge structured approach, a huge limit to allow the proper scalability" says Sante Cusimano, COO and Management Board member of CIB Bank Hungary.

• **In Slovenia**,
o **NLB Group**, a leading banking and financial group headquartered in Ljubljana, Slovenia and with an exclusive strategic interest in SEE, works with Kyndryl to transform its data eco-system and leverage new growth opportunities in an increasingly competitive banking market.

"We decided to improve our Data and Analytics capabilities and transform NLB Group to one of the best IT & Data companies in the region," says Goran Golubović, General Manager, NLB. "The new platform, powered with machine learning and artificial intelligence capabilities, is improving our data insights, leveraging data for better customer experience. It will allow us optimisation of banking processes, personalisation of services and will lead us to data driven decisions."

• **In Bulgaria**,
o **Raiffeisen Bank** works with Kyndryl in a five-year IT services contract to design, develop, implement, integrate and optimize main applications running on the bank's business processes platform. Key point for this engagement was Raiffeisen Bank's decision to run a platform for digital business processes leveraging Kyndryl Bulgaria's vast industry knowledge. Currently Kyndryl Bulgaria and Raiffeisen Bank Bulgaria are partnering in Agile teams for digitising retail and corporate banking, automating credit and loan origination processes, card and loan logistics, and more. As a result, Raiffeisen Bank now manages more processes in automated paperless

form, significantly speeding up banking operations and optimising cost per loan. Digitalising loan processing services has helped Raiffeisen to reduce its loan processing cycle gradually from five days to 15 minutes in an E-loan process. This innovation results also in 30% fully end-to-end digital credit processes for the bank and high customer satisfaction (Net Promoter Score - above 70%).

o **First Investment Bank** (Fibank), one of Bulgaria's biggest banks, has entrusted to Kyndryl to manage the design and the implementation of its latest and most innovative service – a modern automated, online loan processing system. The service, already fully functional, is now used by employees in all branches of the bank. Kyndryl has developed the solution using business process automation technology and carries out its ongoing operational management. Consumer loans up to 80,000 Bulgarian levs (41,000 euro) with term up to ten years are provided fully online, without compromise in security. The borrower is identified by an ID card and a selfie sent online. This allows employees to focus on direct customer service and saves time on processing repetitive transaction requests.

"We chose to partner with Kyndryl Bulgaria because this is a global company whose technology solutions meet Fibank's high standards for implementing digital innovations for the benefit of customers," said Nikola Bakalov, CEO and Chairman of the Board of Fibank. "It helped us optimise our lending service by digitising work processes, eliminating manual operations involving paper documents, and achieving a higher level of security in the storage of customer data. This significantly shortens the duration of the application and approval stages for consumer lending."

• **In Cyprus**, **The Bank of Cyprus**, a leading banking and financial services Group in Cyprus, has expanded their collaboration with Kyndryl with a new five-year managed IT services agreement that advances bank's ESG commitments through 2030, by supporting the bank's levels of service, giving access and visibility to its products to all stakeholders. Kyndryl assists the Bank of Cyprus to further shape its long-term IT strategy by leveraging digitalisation and supporting the development of digital platforms, whilst offering the bank's clients an integrated, automated, and secure banking environment. Kyndryl will also work with the bank's Technology Division to develop a roadmap for transitioning to public cloud using a multi-cloud approach.

"Bank of Cyprus was ahead of many financial institutions in recognizing that we need to be fast and agile when we transfer our existing business models into digital ones - securely, reliably and cost-effectively," says George Kousis, Acting Executive Director Technology and Operations, Bank of Cyprus. "The contract with Kyndryl accelerates our digital transformation, allowing us to focus on our core business and improving the speed and the precision with which we develop and introduce personalised digital financial services."

Discover more useful information at kyndryl.com.

Akkodis combines Modis and Akka Technologies experience to become a Smart Industry leader

Philippe Rouvrais,
General Manager

What business needs will Akkodis meet?

The new Smart Industry leader will meet the increasing demand for digital transformation and engineering capabilities that organisations have, together with all challenges and difficulties they might face

What is the business rationale behind the merger of Akka Technologies and Modis?

Modis is one of the three main brands of the Adecco Group and is specialised in the IT and digital field. With over 30,000 consultants around the globe, the company has been organically growing for the past years. To further expand the business and diverse its portfolio of services, the Group decided to acquire another company similar in size and merge its business with the one of Modis. Akka Technologies turned out to be the best choice with its long-year expertise and large portfolio of engineering solutions.

A year after the deal has been confirmed, we are about to launch the new global brand Akkodis combining the vast expertise of both Modis and Akka in the IT and engineering space and turning into a leader in Smart Industry. The new brand will have presence in over 30 countries with over 50,000 digital engineers and experts.

What business needs will Akkodis meet?

The new Smart Industry leader will meet the increasing demand for digital transformation and engineering capabilities that organisations have, together with all challenges and difficulties they might face. Akkodis will position as a trusted partner for businesses in seven key industries: automotive and transportation; aerospace and defence; information and communication technology; manufacturing and logistics; banking and financial services; life science and healthcare; energy and clean technology. The new company will introduce extensive capability in data and AI, software and applications, cloud and infrastructure, cybersecurity and data protection, product design and assurance, Industry 4.0 and connected products, and emerging technologies. In other words, Akkodis, together with other brands within the Adecco Group will be able to offer a 360-degree ecosystem of complimentary services including technology solutions, workforce solutions, and talent development and career transition. Akkodis itself will stand out with its global network of competency centres and consultants in the technology solutions field.

What are the highlights of your business plans for the next three years?

The company will be focused on growing in headcount and clients' portfolio, further strengthening its business. This includes Bulgaria as the biggest delivery centre in the organisation. Traditionally, we are experienced in IT outsourcing and BPO solutions, software engineering, cloud solutions, and data infrastructure services having launched our business in the country back in 2005. Currently, we employ close to 1,200 specialists in the country, mostly software developers, people with technical background and talents with foreign language capabilities.

I must say that Bulgaria has always been and will keep being a key location for our global organisation. Here is the largest delivery centre for IT and software solutions for Modis and for the new Akkodis organisation on a global level. Within the next three years we are going to expand our capabilities in the software, cloud, and digital transformation fields and employ a few hundred specialists in these domains. And I do not mean just headhunting them from our competitors. We are launching extensive programmes for internal training and upskilling, academies for beginners in software development, and partnerships with educational institutions which will help us build the next generation of tech talents in Bulgaria and the SEE region.

What are the key projects that you will be working on in the next three years?

We are taking on several complex long-term projects within our key technology practices. Our teams in Bulgaria are working on software applications and a platform for education of young children, a number of software automation (RPA) projects, the development and addition of a mapping service for one of the global tech leaders, and many more. In fact, you would be surprised to know how many of the world's tech giants we support and how meaningful software and IT projects we lead for them and for their clients. In future, we will continue leading digital transformation, software, and cloud projects for our partners counting on our expertise, talent base, and efforts for continuous improvement.

Doing our work in smart way

Human Capital Store is a recruitment agency established in 2009. Our company has specialised in offering solutions for recruitment and selection of employees from various professional fields. Our agency also owns an affiliate company operating in the U.S. and is working with executive search partners from 55 countries around the world. To develop a successful business and offer the highest quality services, Human Capital Store always follows three essential rules in its work:
1. Time is money – each delay on our part affects our clients' business;
2. Provide added value to the most important capital - humans;
3. Follow high standards in human and business ethics.
Human Capital Store's goal is not to be the biggest or most successful recruiting company, but to make our clients feel that we care about their business the way we care about our own.

Miroslava Nikolova,
Human Capital Store CEO

There are several factors affecting the performance of a recruitment agency, but what are the ones that you currently must consider when looking for the most suitable specialists?

Let's start with a very interesting and important factor - values matching. People increasingly often say that they want to work for companies where there is a very strong match in values. We all know that we spend more time with our colleagues than with our family, but have we ever thought that we build our family according to the values we have. Similarly, when our values at work are not shared, there is no way we can feel good, and the most natural thing is to start thinking about parting with the company.

The next key factor is employee well-being. When starting communication with candidates for a given project, it is important for them to know if the company offers an employee well-being programme. These programmes for our clients usually cover food vouchers or public transport and fitness cards, but there is a growing focus on the opportunities for getting specialised advice when needed in areas such as career, psychological state or health. It is extremely important that employers make a conscious effort to motivate employees to work in a truly positive environment, and not just spell out the need for such an environment in company policies. Ideally, an employer should think about improving all the components of well-being – the financial, mental health, social, physical and career ones.

Do other key factors come into play?

Of course, and they are just as important as the ones we mentioned. The people transformation factor for example. Since the beginning of 2020, after work from home was imposed, people have started to change. Their views have changed on work – on what is good performance and how to maintain pre-2020 levels, or whether there is a need to raise their performance levels. Have you thought about how "quiet quitting" could affect your business? What will you do if someone from your team starts to cover only the bare minimum required to keep his or her job? What will be the consequences if the whole team goes for "quiet quitting"? This is also related to another factor - employee experience. Whether you work at home, in the office, or you have the opportunity to work in a forest, a beach or another remote place, this always has an impact on your experience.

What can be expected in the development of the HR sector?

The expectations are for a new employer value proposition. Remote work was imposed on the business, it was not the companies' own choice, and they are already tempted to reverse things as they were before. Nowadays, the lack of choice and flexibility would make a candidate who previously had a very strong desire to work for a company to prefer another employer. Increasingly often, I hear even the best employers say, "There are no people." So, I ask my clients, "Have you considered hiring mothers or fathers who want to work part-time to look after their children? What do you think about hiring people over 50? Do you think students would bring benefits to the business? And what do you think about the people who have worked for you for years?" Employers who answer positively to all or some of my questions have a management that really knows that the person is the most important capital in an organisation. There are those who say that they would not allow the hiring of such people to change their business model but are they aware that in these times of shortage of people companies that are not adapting to the new needs of skilled people may cease to exist?

Another thing to take note of is the employee retention option, which has always been important, but more so now than ever before. Among the most important challenges facing an organisation today is precisely the shortage of people and the associated turnover and retention of employees. Therefore, it is important that companies make an effort to create programmes to retain their employees. Knowledge of the emotional intelligence of everyone on the team can be a great benefit in this respect as each of us has a different ability to perceive, evaluate and manage our own emotions. Using this emotional information, people can manage their way of thinking and behavior. Have you thought about how many different reactions there can be to a change in an already established work policy, for example?

Of course, even if all of the above is used in a given company, that doesn't mean that everything will be rainbows and sunshine because every organisation is unique and has its own needs that may have been ignored so far or if it is pretty difficult to make your business better, have you thought that it could be because your business ego is holding you back.

Can technology power up bank mergers and acquisitions?

Georgi Robev,
Regional Director ECA

The euro area banking market has become increasingly concentrated - a third of its banking groups – mainly the smallest banks – have disappeared since the global financial crisis in 2008. Despite this, the sector continues to struggle with profitability and excess capacity, with too many undersized banks and a costly physical banking infrastructure (ECB, Financial Stability Review 2021).

Recent consolidations in the SEE region are confirming the continuous M&A trend. In Bulgaria, Postbank (member of Eurobank Group) acquired the Bulgarian subsidiaries of Alpha Bank and Piraeus Bank, and DSK Bank (part of OTP Group) absorbed Societe Generale Expressbank; while very recently the Belgian KBC Group expanded footprint by acquiring Raiffeisen Bank Bulgaria.

In the Adriatic region, regional banking groups are continuing to consolidate the market - the Slovenian NLB obtained ownership of Serbia's Komercijalna Banka while Hungary's OTP Bank acquired Serbia's Vojvođanska Banka. Romania is not behind the trend with increased 32% M&A market dynamics and major acquisitions by EximBank over Banca Românească and by Bank Transilvania over Idea Bank.

How can digital platform technology power up the success of M&As?

Already embracing digitalization to address changing consumer expectations and market dynamics, banks and capital market players are assessing the technology aspect of any M&A transaction now more than ever, starting from the pre-planning of M&A activities.

The technology 'roadmap' of an M&A often addresses three key outcomes - reducing IT complexity, decreasing costs by optimising operational resources, and ensuring a secure and seamless customer experience along the way. To add to these mandates, nowadays the fundamental part of such a technological "merge" should occur in less than 12 months, considering the banking market dynamics, volatility and increased regulatory pressure.

Therefore, merging & acquiring organisations are turning to modern digital banking platforms like Software Group's DigiWave as a powerful tool for a risk-averse and smooth integration between processes, systems, people, and business imperatives for achieving the mandate of the M&A and securing the foundation for future innovation.

M&A approaches from a technology point to view

From a purely technological point of view, there are two major approaches to the M&A process:

Inside-out scenario – where large financial or banking groups are optimising the operations of their multiple subsidiaries and lines of business (LoB) with the help of centralised platform technology. Such an example is one of our clients, part of a leading banking and insurance group in the SEE region, where all LoB - banking, insurance, leasing, factoring and more - are integrated, data is augmented and managed through a single open API platform, fully compliant with the regulatory requirements and future-proof from a technical standpoint. (Such platform would be microservices based, cloud-native, compliant with open banking standards, ISO 20022, DP&P, etc.)

This allows the financial institution to "merge & acquire" data, process flows and cross-LoB in a single source of management and business representation for better financial results and client experience. All the while keeping legal structures, independence and brands in place.

Outside-in scenario – where a real legal, financial and strategic M&A process is occurring with the purpose to re-evaluate the systems and re-define the architecture for both merger and merged organisations. The complexity management, alignment of front- and back-end banking processes and selection of the best strategy to "change-the-bank" is a time and resource consuming activity that can take years with mediocre success, if a traditional approach is followed.

Through modern digital banking platforms, the organisational restructuring and creation of a sound 5+ years digital strategy can easily be achieved, while many aspects of technological and business risks, issues and traps can be avoided.

Despite the complexity M&As come with, Software Group can support the digital transformation of financial institutions by solving key technology and business challenges and enabling fast track innovation, efficiency and growth.

Bulgaria: Amendments in VAT Act for 2022

Eurofast is a regional business advisory organization employing local advisors in over 23 cities in South East Europe & the Middle East (SEEME). The Organization is uniquely positioned as a one-stop-shop for individuals, investors and companies looking for professional services in Legal, Advisory and Corporate, Tax & Transfer Pricing – Payroll & Employment – Accounting & Audit.

In this article, we summarise the most important changes to the Value Added Tax Law, adopted in the first six months of 2022, which came into force on the day of its promulgation, with the exception of some provisions for which a different date is foreseen.

1. Correction in the event of incorrect handling of the delivery in the event of an effective act issued by a revenue authority
2. Food vouchers
3. Supplies with zero VAT rate
4. Other changes

Correction in case of incorrect processing of the delivery in the event of an effective act of the revenue authority.

- An opportunity to correct wrongly issued tax documents is introduced, even if a revision act has entered into force for the period in which they were issued or reported.
- The change was caused by the need to introduce a legal mechanism in the Bulgarian legislation to correct incorrect treatment of deliveries after a revised act has entered into force.

Typical situations where the provision may apply include:

1) adjustment of the tax charged by a supplier when the right to tax credits is denied to the recipient;
2) correction of an omission in the assessment of VAT by a supplier found with an audit report, so that the client can use a tax credit on the reissued invoice with VAT.

- The correction is carried out according to the general procedure and requires the drawing up of a correction protocol.
- There is no time limit for the application of the provision, which gives the possibility in principle to correct already entered into force invoices and audit acts within the general limitation period.

Food stamps

- With the changes made to VAT treatment, food vouchers will be treated like any other voucher and their taxation will depend on their classification by type for VAT purposes.
- The existence of different VAT rates for the foods, for which food vouchers can be used, implies their classification as multi-purpose vouchers. In practice, in this case the vouchers will not be subject to VAT when they are sold by the employers' operators, but when the goods to which they relate are sold.
- In 2022, the VAT treatment of food vouchers will not change and they will continue to be used as a means of payment.

Deliveries with zero VAT rate

- The application of a zero rate of VAT is introduced for the import of goods from the European Commission or another EU body, as well as for supplies of goods and services for which the recipients are the same bodies, when the goods are purchased in the performance of tasks related to the effects of the COVID-19 pandemic.
- Taxation with a zero rate of VAT is provided for the supply of goods and services, the recipients of which are the armed forces of an EU member state, including the import and intra-Community acquisition of goods from them.

Other important changes

- A new "Chapter 21 "a" of VAT is created in relation to specifying supplies from/to the United Kingdom, specifying the texts regarding the VAT treatment of these supplies. It is specified that Northern Ireland is considered to be territory of a Member State for VOD, GOP, bundled goods, in-stock mode and three-way operations.
- Clarifies certain provisions related to the taxation of supplies of goods and services made electronically to non-taxable persons, including the special regimes (non-Union regime, Union regime and regime for distance sales of goods imported from third countries).
- The scope of children's food, to which the reduced VAT rate of 9% is applied, is being expanded and now includes foods suitable for infants and young children - specialized milk formulas and dietetic foods for special medical purposes intended for infants.
- It is specified that the acquisition of goods sent or transported from the territory of another member state for the intra-community distance sale of goods with a place of performance on the territory of the country is not an intra-community acquisition.
- The provision for mandatory deregistration upon termination of a legal entity - with or without liquidation - is being edited; there is a reason for mandatory deregistration upon termination of an unincorporated company or insurance fund and upon deletion of branches of foreign legal entities.
- The minimum threshold of taxable annual turnover for mandatory VAT registration has been changed, increasing it from BGN 50,000 to BGN 100,000. The increase in the threshold also affects self-insured persons. The change takes effect from January 2023.

For more information please contact Mr. Ivan Stenev, Senior Accountant and Tax Consultant in our Eurofast office in Sofia at sofia@eurofast.eu

Going local will be the name of the game

Marko Marković,
Egzakta Advisory,
Managing partner

The war in Ukraine, speeding inflation and a growing risk of stagflation in the EU are posing new challenges to business. How are your services changing in response to your clients' needs?

The war in Ukraine was the trigger for many negative developments in the world economy, which is going through a very unstable period. Prices are rising rapidly, interest rates are being increased to slow down the inflation, energy prices and supply issues are only the tip of the iceberg of problems in the world economy. The EU is under even greater pressure, having in mind its dependence on Russian gas and oil and the need to switch to other sources. The economy is showing the first signs of a recession which could hit us more strongly than anyone expects. And the crisis is not only economic. The healthcare crisis with Covid is still underway, and on top of all that the war in Ukraine is fully changing the geopolitical situation in Europe and all over the world. Add to this the recent US – China tensions around Taiwan. These economic and geopolitical issues are hitting the business and we expect that many companies will struggle to keep their positive results and liquidity in the forthcoming period. Higher interest rates will lead to less investments and development project and will force managers to reduce costs of operations.

We as consultants are now advising

our clients to go into smart cost-cutting activities, rethink major investments and pay special attention to developing cheaper channels, especially in digital. Focusing more on local and regional markets, especially due to large supply chain costs and a constant increase in transportation prices, are one of the main pain points we address with our clients.

Cost-cutting and efficiency improvement projects are high on our clients' agendas

Egzakta offers a range of management consulting and financial advisory services. For which of your services is demand highest and are new business niches opening up?

Our main projects in the past period were in IT, digital, strategy development and operational transformation. We can see that the need for digital and projects is here to stay but we expect that cost cutting and efficiency improvement projects are going to be high on our clients' agendas. On top of that, as always in a time of crisis, M&A activity will rise, especially for food, IT and AI and IoT companies. Government investments in small and medium size enterprises, especially in the area of localisation and "back home" projects, are growing as well. Interesting developments are also seen in the gaming and e-sports industries. In the area of financial advisory, the typical suspect would be restructuring and supply chain financing, such as factoring.

M&A activity will rise, especially for food, IT and AI and IoT companies

ESG has become the buzzword for companies in the past years. How do you incorporate it into your services?

ESG is here to stay. Going green and paying more attention to social issues has been and will remain on the agenda of businesses around the world. However, even though we have had a few such projects, we believe that activity in this area will slow down.

We at Egzakta are always incorporating ESG initiatives in our work, especially in the segment of social and people safety and well-being. As a company operating in the services industry, we do not have too many activities with a heavy impact on the environment, but CO2 reduction, going paperless, meeting online and reducing travel are part of our policies. In the area of labour and work conditions, we are fully comparable with the top tier consultancies in the world. I would also like to emphasize that we are also very careful with respect to our client portfolio and we work mostly with companies that are on a high level of development in terms of ESG.

In an interview for this publication last year you said governments in Southeast Europe should flip the logic of their policies and back the local business rather than foreign investors. Do you still see the localisation of the economy as the right approach?

Even more so than last year. Everything that has happened over the past year proves our hypothesis on the importance of going local and regional versus being a fully global business. The supply chain problems and cost of operations continue to increase. Many markets are being almost fully closed for European companies. The war in Ukraine, which is expected to be long-lasting and severe, has deepened the crisis caused by Covid. Many companies used to operate on the Russian and Belarus markets, China is more and more concentrating on its own consumption, and many European companies are now experiencing significant reduction in revenues. The inflation and higher interest rates are going to further decrease demand, so we can expect that many countries worldwide will start protecting the local markets and companies in the forthcoming period. Going local will be the name of the game not only as a business strategy but also as a logical measure to reduce the impact of the crisis and unemployment. We expect that many governments will start major programmes to boost SME s, as well as increase subventions in energy production, especially in green energy and food production. This is one of the major chances for local initiatives and SMEs that are one of the key sectors to be saved in the upcoming crisis.

With this in mind, in what areas should governments focus their efforts to harness their economies' growth potential?

The typical ones are always in the area of infrastructure, energy, agriculture. We expect that further major investments will be seen in digital, IT, AI and IoT. Gaming, e-sports and entertainment will continue to grow, as well as blockchain, especially after the market rebounces from the current glitch. We expect that the construction industry, as a generator for development, is one of the major areas where the government will intervene. As for less popular ones, you might expect that in the light of political and geopolitical uncertainties, investments in military industries are going to increase. Major budgets, especially in Eastern Europe, can be expected to go into this area. As for growth, and don't kill the messenger here, I believe that countries should be happy if they do not experience a major recession of the economy. You don't go out sailing during a storm, therefore finding safe havens and local initiatives should be in the focus of the governments to save their ship from sinking to the bottom of the ocean.

Government investments in SMEs are growing

NGEU & RRF: Much more than just a post-pandemic recovery tool*

by Elizabeta Sabolek-Resanovic,
Economic analyst at Raiffeisen Research

Photo: Unsplash

With the NGEU instrument (and here above all the Recovery and Resilience Facility, RRF), an (initially temporary) initiative was created to support the rather low **long-term potential growth** of some Western European EU countries (compared to peers) and at the same time enhance **economic and social convergence** within the EU in times of transformation (e.g. in the digital space or in regard to greening the economy). The NGEU instrument — although launched in the context of the COVID-19 pandemic — should therefore not be seen as a mere response to the pandemic, but as an **initiative to strengthen the EU project** as a whole. On the one hand, the NGEU instrument acts as a substitute for a (still) **non-existent central fiscal stabilisation capacity** in the EU/ euro area (that can induce substantive cross-country spillovers on top of stabilization at the national level). In this way, a so-called lost decade as in the aftermath of the global financial and euro area crisis (compared to the USA, for example) in larger parts of the euro area and EU economy should be avoided.

In addition, this move strengthened confidence in the EU and its perceived ability to manage crises inside the euro area and beyond. Furthermore, the **European Commission has certainly been strengthened** vis-à-vis the member states, while the receipt of funds from the RRF is linked to the **implementation of reforms** and the **fight against corruption, mismanagement of EU funds and conflicts of interest**, in addition to investment priorities along EU lines.

It was also intended to **support less financially strong EU members in their modernization needs in order to counteract possible dividing lines** in the digital and green transformation. For the CE/SEE countries, the NGEU instrument, together with regular MFFs, remains a key factor in their path to closing the gap and increasing integration with Western Europe. The **climate transition is yet another challenge** in this regard as the CEE counties are again lagging here, therefore the NGEU programme with the climate focus is of high importance. Also, digital transition (key pillar of NGEU) gains on importance as the **CE/SEE countries are looking for a new competitive edge** beyond the relatively cheap labour force and try to move up the value chain both within the well-developed manufacturing specialisation, and beyond it (in R&D in particular). That said, distributing the NGEU/ MMF money wisely and effectively is especially important with this entirely new focus, and the Member States should strive to avoid mistakes that have led to weak absorption or inaccurate allocation in the past.

Overall, in our opinion, the NGEU instrument is an **important project to strengthen convergence** in the **EU** — also

**This text was first published as part of the publication: CEE Insights: NGEU as a generous source plus great opportunity for EU & CE/SEE (raiffeisenresearch.com)*

Photo: Unsplash

between Western and Eastern EU members — and at the same time to counter the partly recognisable frustration in Western Europe with regard to democracy and the rule of law in some CE/SEE countries. From a broader perspective, the NGEU instrument also promotes the EU as an issuer on the capital market and should, in our view, make an important contribution to the further (institutional) development of the EU. On a side note, the EU has to some extent mirrored the NGEU project in the Western Balkans, respectively in the (potential) EU accession countries (via the Investment Plan for the Western Balkans), which is important to ensure modernisation along with EU priorities and the accession readiness of these countries.

And even though the NGEU instrument contains **noticeable redistributive elements** between EU members, we see a good chance that many firms **from countries with lower allocations** (Austria, Germany, France) will benefit substantially. In terms of the overall economy, it will then be necessary to evaluate the national and **pan-European (positive) effects** of the NGEU instrument in the **mid-2020s**. (Gunter Deuber, Dorota Strauch)

RRF in a nutshell: CE/SEE and overall EU perspectives

• **The Recovery and Resilience Facility (RRF)** is the centrepiece of the NGEU. The 723.8 billion euro (in current prices) in loans and grants will support the recovery plan for Europe through post-pandemic reforms and investments across the EU while enabling a digital and environmental transition in a cohesive society throughout Europe.

• To access the RRF funds, Member States had to submit their national Recovery and Resilience Plans to the EC, which checked the alignment with EU priorities and the country's specific recommendations. • The Member States were required to allocate a **minimum of 37% to climate investments and reforms and a minimum of 20% to digital transition.**

• The EC has estimated the allocations, and the European Council has approved the plans before an prefinancing of 13% of the total amount was paid in 2021 to most countries. Subsequent payments will depend on the achievement of specific milestones and goals, which must be set in the plans.

• The scope of the RRF is structured around six pillars, all of which aim to support economic recovery, job creation and laying the foundations for a stronger, more resilient Europe.
• The main pillars of the RFF programme that must be represented in the financial frameworks of the beneficiary countries are:

• Green transition;

• Digital transformation;

• Growth, jobs and cohesion;

• Social and territorial cohesion;

• Health, economic, social and institutional resilience;

• Policies for the next generation.

Watch for (cross-border) spillover effects!

Beyond the direct impact of their own national envelopes, countries will also **benefit considerably from the**

effects of NGEU investments in other member states, mainly **through trade flows** and exchange rate movements. This finding suggests that focusing only on the allocation of funds and ignoring cross-border spillover effects can substantially underestimate the macroeconomic impact.

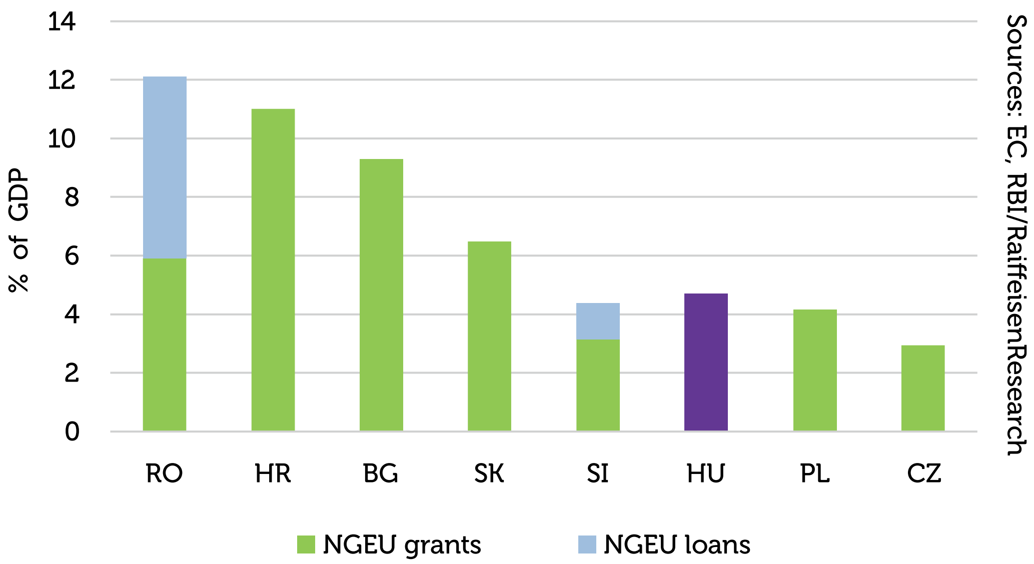
Spillovers are central for small open economies with smaller grant allocations. In these cases, the positive effects coming from other member states' plans account for the bulk of the GDP impact. **According to European Commission Analysis** (Quantifying Spillovers of Next Generation EU Investment (europa.eu)), in sum, the simulations underline the significant impact of NGEU and its potential to lift Europe's economies onto a significantly better recovery path in terms of both GDP and labour market conditions. **If implemented swiftly, with a strong focus on high-quality public investment** and additionality, **NGEU gives a substantial boost to the recovery** in all member states. At the same time, positive spillover effects appear, especially for small and open economies.

Moreover, the model analysis stresses that high-quality public investment can significantly boost potential output beyond the implementation period and thus also contribute to addressing medium-term challenges such as climate change and digitalisation. The EC analyses suggest that Next Generation EU investment can **boost GDP by up to 1.5%** and that the effects are around one-third larger when explicitly accounting for the spillover effects from individual-country measures. A simple aggregation of the national effects of individual investment plans would thus substantially underestimate the growth effects of Next Generation EU.

However, the analyses do not include the potential reform gains which is difficult to quantify, but which can add substantially more to the GDP and employment effects in the long run. For a fast NGEU scenario (four years), with evenly distributed spending between 2021 and 2024, the level of real GDP in the EU can be around 1.5% higher than without NGEU investments (in 2024). As public capital is productive, the additional investment boosts demand and increases potential growth. The latter supply-side effects last beyond the implementation and lead to large, long-run multipliers. Additionally, during its period of operation, NGEU investment is estimated to increase employment by up to 1%, compared to the no-policy change baseline. In the medium-run, substantial and persistent real wage gains reflect improved labour market conditions and productivity gains.

A closer look at country-specific effects shows, given the allocation key, that MS with below-average GDP per capita levels are estimated to experience the largest boost to GDP levels. EC estimates, for a four-year stimulus and a high productivity calibration, that the increase in output reaches more than 4% in Greece, around 3¾% in Bulgaria, Croatia and Romania, and around 3% in Italy and Portugal. For these countries, the role of spillover is smaller because their trade partners receive smaller allocations, and the economies tend to be less integrated with production chains and trade. Especially for MS outside the euro area, the monetary policy reaction matters for the short run spillovers. There can be a negative short-run spillover for those countries due to the national currency appreciation (although the total GDP effects remain positive). However, this exchange rate effect is temporary and becomes positive in the second or third year of NGEU. Additional simulations show that if the monetary policy in these MS partially targets the euro exchange rate, NGEU spill over becomes positive immediately.

NGEU Grants and Loans, % of 2021 GDP*



*delayed approval (purple)

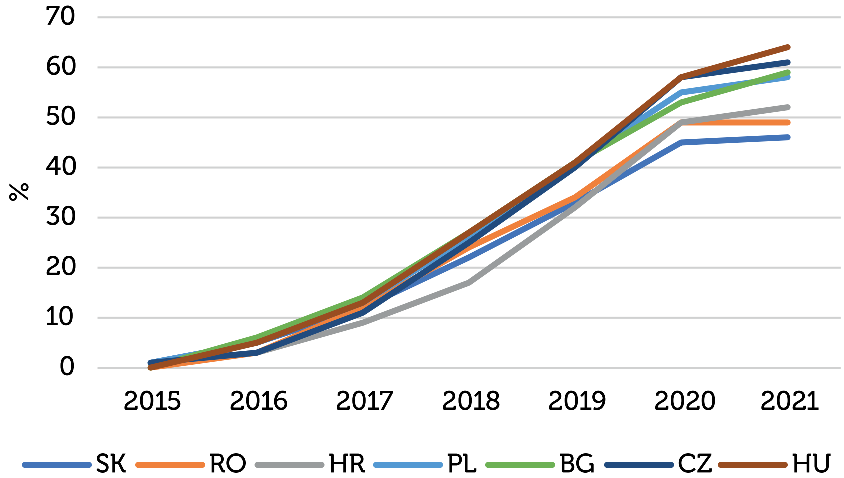
Summary

To conclude, NGEU with the RRF as its central piece should have a positive and long-lasting impact on the European economy as is created not only to mitigate the economic and social impact of the coronavirus pandemic but make Europe more sustainable, resilient, and better prepared for the challenges and opportunities of the green and digital transitions. RRF is designed to favour lower-income and vulnerable countries as well as those particularly hard-hit by the pandemic. Eventually, in the mid to long run, it might make additional fiscal space especially for relatively high indebted MS (like Croatia).

However, aware that the expected positive impact are based on models made under certain assumptions (that cannot be taken for granted) the **final and real impacts will depend on the capacity of member states to absorb and properly use the financial support.** Additionally, the functioning of industrial supply chains, the availability and skills of the workforce and other factors dependent on various policies (e.g. fiscal or labour market policies) are further challenges the final outcome will depend on.

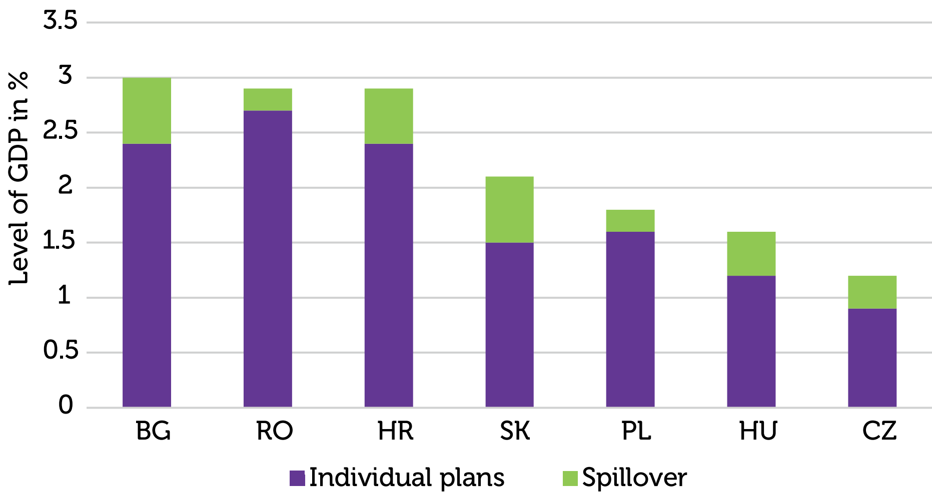
All in all the plan is a very important step for the CE/SEE countries to continue the post-pandemic recovery, to **build higher resilience** to any future crises, and **accelerate the transition** in the areas that will shape Europe in the next decades.

ESIF 2014-2020: implementation by country – total cost of selection and spending as % of planned



Sources: EC, RBI/RaiffeisenResearch

Effects across countries (6-year NGEU profile, high productivity)*



*the level of real GDP in 2026, Sources: EC, RBI/RaiffeisenResearch

One Crisis on Top of Another – the Case of North Macedonia

By Zoran Jovanovski, Economist/Banker

Key challenges

As everywhere in the world, it all started to deteriorate with the COVID-19 pandemic. Pre-pandemic real GDP growth of 3.9 percent in 2019 turned into negative real GDP growth of 6.1 percent in 2020. Economic recovery started in 2021 but it did not offset fully the decline from the previous year as the real GDP growth in 2021 equaled 4 percent. In 2022, economic growth amounted to 2.4 percent and 2.8 percent in the first and second quarter, respectively. Given the fact that the impact from the energy prices spike started to materialize in the real sector operations, it is not very likely at this moment that the real GDP growth of 3.2 percent, as projected by the finance ministry, will be achieved in 2022.

There are several challenges that the companies currently face. The initial challenge, the COVID-19 pandemic, has been largely dealt with. The situation with the inflation is different. In July 2022, it reached 16 percent compared to July the previous year, while on average for the first seven months of 2022 compared to the same period of last year it amounted to 10.9 percent. The increase in inflation reflects mainly the increase in the energy prices, an unavoidable input in the cost structure of companies' products or services, but is also due to the wage pressures arising from the increase in the minimum wage. The key challenge for the National Bank is how to slow down the inflation and prevent a buildup of longer-term inflationary expectations while at the same time not hurting excessively the recovery of the economy. Within this framework, the National Bank increased the key interest rate on several occasions, bringing it up from 1.25 percent in March 2022 to 2.5 percent in August and is keeping it unchanged in September 2022. The transmission mechanism of the monetary policy has not translated this increase into a sizeable increase of the commercial banks' lending interest rates, indicating mostly their cautiousness not to burden too much and too fast their borrowers. The most harmful challenge, as is the case almost all over the place, is the energy crisis. The energy crisis has the potential to turn into an existential crisis for the companies, which is why a number of them are putting their operations into survival mode. The problem is of longer-term nature and finding very effective solutions promptly is rather difficult.

Looking for solutions, the companies anticipate that the energy prices will start to decline eventually, but not to the levels present before the war in Ukraine. Hence, there is a need for lasting adjustments to their business models. That is why the companies are increasingly focusing on installing photovoltaics as a source of electricity. The government has eased and simplified somewhat the relevant procedures but further actions are needed in that respect.

For the time being, the government also provides subsidies, but they are directed to the households and small companies. Room for fiscal maneuver to alleviate the impact on the economy is limited. Before the Covid-19 pandemic, at the end of 2019 public debt equaled 49.2 percent of GDP, and reached 55.4 percent at the end of June 2022. It may turn higher if the projected economic growth for the year is not achieved. For budget deficit financing in 2022 the government has announced that it is considering a combination of foreign borrowing, including borrowing from the IMF, new Eurobond issuance, etc.
The banking sector remains solvent, liquid and well capitalised to provide support to the companies and households in need.

Prospects

Given the complex geopolitical context, the starting point when considering the future is the issue of security. NATO membership has provided the much needed security umbrella for the country. Another major development for the country is the process of EU accession negotiations. Throughout the unprecedented 17 year-long candidate country status, the country made a great effort to adopt the EU regulations in a number of areas. These efforts will accelerate in the period to come thus simplifying and easing the entrance of FDIs, while at the same time minimizing the costs for their regulatory adjustment. The local companies will also strengthen their resilience within their preparation for the competitiveness pressures arising from joining EU. The government's goal is that the country joins EU by 2030.

Developments that will gain importance as time passes by are the initiatives for regional economic integration and development. There are several regional initiatives that are aiming at improving the economy of six Western Balkan countries. One of the most popular of them is the so-called Berlin Process. This is a structured effort, supported by EU, in which Chambers of Commerce play important role through the specially designed Chambers Investment Forum.

The most recent initiative, however, is the Open Balkan initiative. It is still of limited reach compared to other initiatives as it includes only North Macedonia, Serbia and Albania for the time being. The Open Balkan initiative has at least two very specific characteristics. Firstly, there is full compatibility between the views of the political leadership and business leaders. They are following a common sense approach trying to maximize the benefits for the three economies from their economic integration. Secondly, unlike some other initiatives in the past, Open Balkan is focused on delivering tangible results. The agreements signed by the three governments aim at facilitating a faster border crossing of goods, free flow of labour force, easing of administrative procedures, recognition of university diplomas, attracting FDIs as a region, etc. It is envisaged that the citizens of the three countries may get an Open Balkan ID number that will allow for easy movement of people and an opportunity to work in any of the three countries without lengthy administrative approval procedures, while having all the rights as the local workers.
Overall, the economy of North Macedonia faces a bumpy road ahead, primarily because of the energy prices. What gives a ray of hope in the period to come is the notion that the private sector in the country has faced quite a number of serious challenges in the last 31 years of the country's independence and managed to find solutions and survive. It will be very difficult, but this is not the first time.

Albania

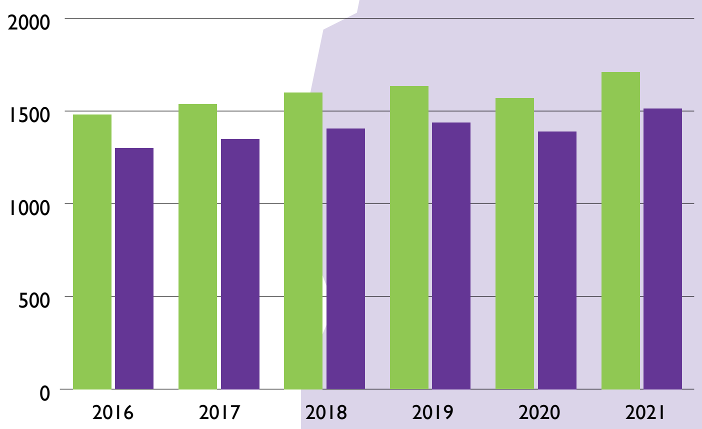
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Kastrati Group Sh.a.	Petroleum/Natural Gas	539.8	378.4	41.20%	39.8	8.0
2	Kurum International Sh.a.	Metals	346.4	195.0	75.87%	32.6	-2.5
3	Info-Telecom Sh.p.k.	Telecommunications	298.1	225.4	30.90%	5.3	2.6
4	Gega Oil Group	Petroleum/Natural Gas	294.7	178.9	63.11%	1.2	1.1
5	GSA Sh.p.k.	Electricity	182.3	66.8	170.27%	22.0	3.4
6	Europetrol Durres Albania Sh.a.	Petroleum/Natural Gas	151.2	98.3	52.14%	0.6	0.7
7	Agna Sh.a.	Wholesale/Retail	136.6	119.3	13.28%	5.0	3.6
8	Kastrati Sh.p.k.	Petroleum/Natural Gas	126.7	100.9	24.30%	0.6	4.9
9	Albchrome Sh.p.k.	Metals	121.9	38.8	210.93%	21.0	0.0
10	Inter Distribution Services Sh.p.k.	Wholesale/Retail	120.4	107.2	11.24%	1.6	1.4

GDP and GVA

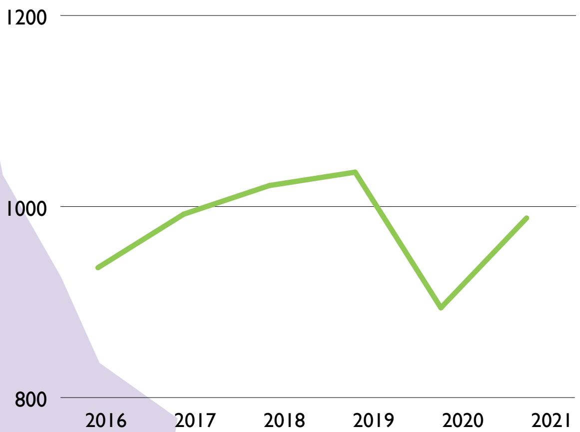
(in billions of Albanian leks)



Source: Institute of Statistics

FDI

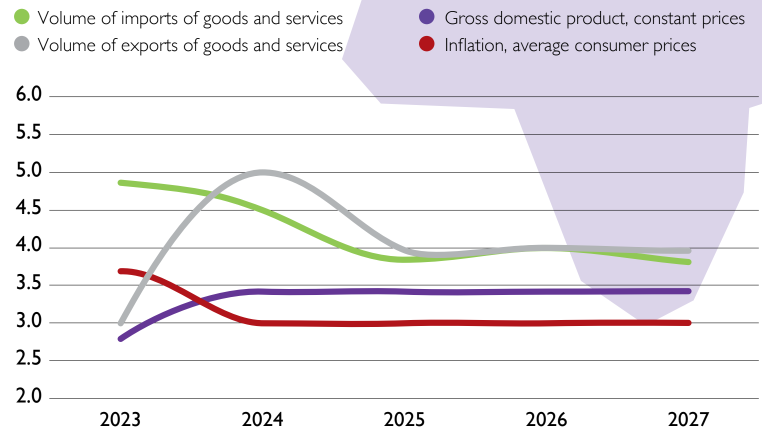
(in millions of euro)



Source: Bank of Albania

ALBANIA ECONOMY FORECAST

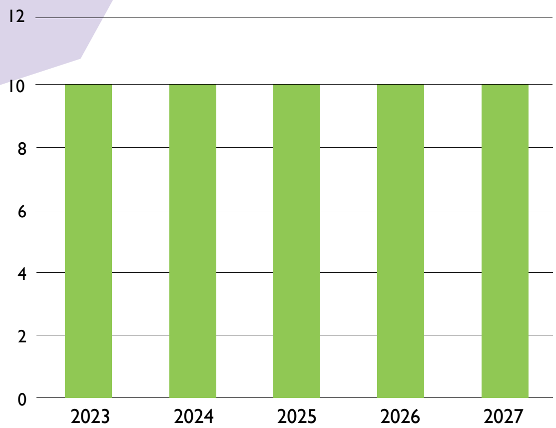
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database – April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database – April 2022

Bosnia and Herzegovina

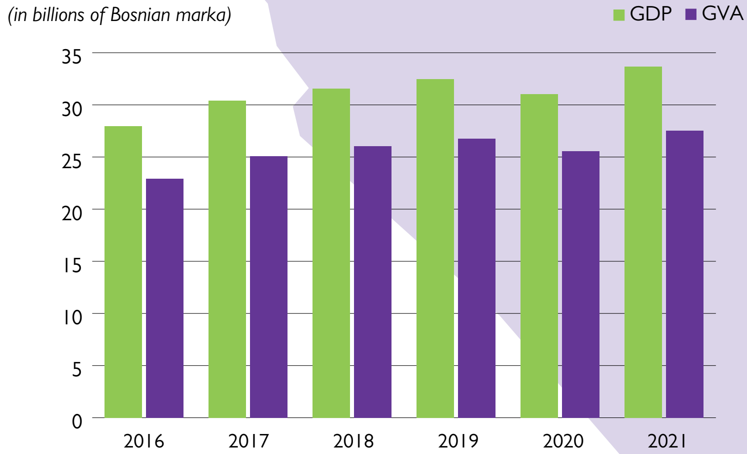
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Bingo d.o.o. Tuzla	Wholesale/Retail	716.3	620.2	15.49%	44.1	34.9
2	JP Elektroprivreda BiH d.d.	Electricity	574.4	541.0	6.18%	5.6	3.7
3	Holdina d.o.o. Sarajevo	Petroleum/Natural Gas	563.0	436.7	28.91%	2.3	1.2
4	ArcelorMittal Zenica d.o.o.	Metals	490.8	312.1	57.26%	101.8	-6.3
5	MH ERS MP a.d.	Electricity	421.8	260.6	61.84%	35.0	4.8
6	G-Petrol d.o.o. Sarajevo	Petroleum/Natural Gas	354.7	197.7	79.41%	-0.1	0.1
7	Boreas d.o.o. Kresevo	Wholesale/Retail	279.1	244.6	14.10%	1.1	0.0
8	Hifa-Oil d.o.o.	Petroleum/Natural Gas	278.3	200.8	38.61%	6.8	5.3
9	Optima Grupa d.o.o. Banja Luka	Petroleum/Natural Gas	257.2	353.9	-27.33%	-99.3	33.4
10	JP Elektroprivreda HZ HB d.d.	Electricity	253.9	167.1	51.89%	22.0	0.4

GDP and GVA

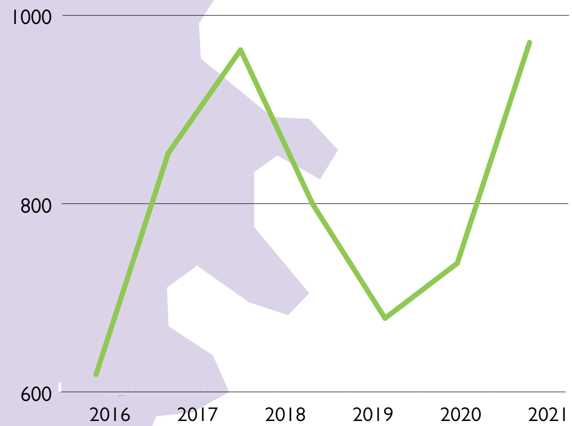
(in billions of Bosnian marka)



Source: Agency for Statistics of Bosnia and Herzegovina

FDI

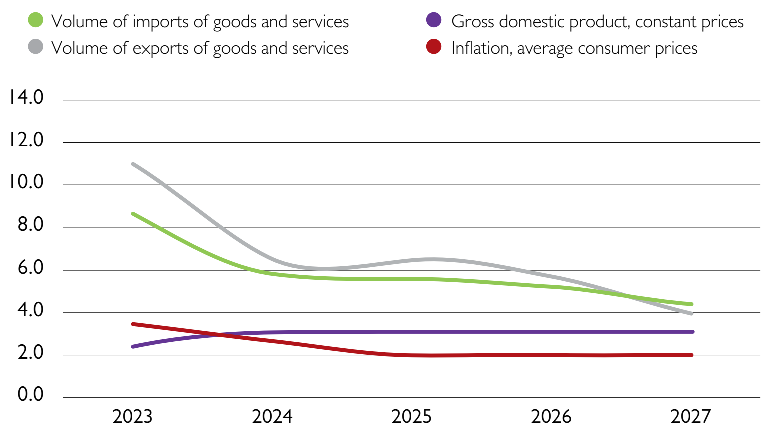
(in billions of Bosnian marka)



Source: Central Bank of Bosnia and Herzegovina

BOSNIA AND HERZEGOVINA ECONOMY FORECAST

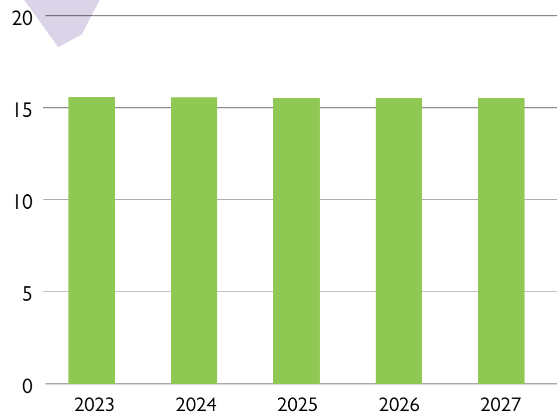
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

Bulgaria

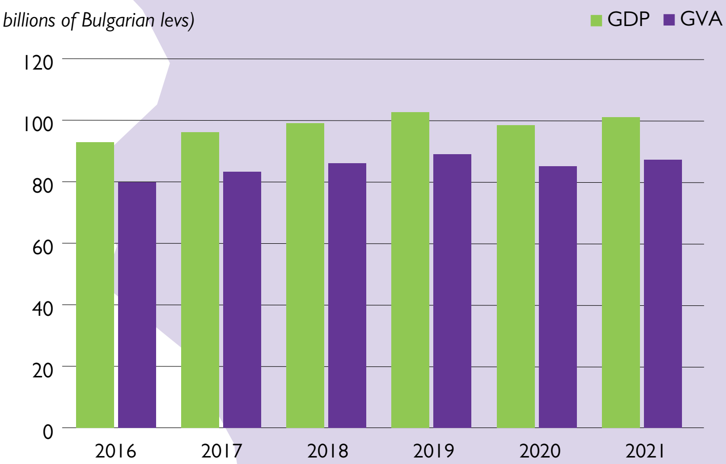
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Aurubis Bulgaria AD	Metals	3781.6	2761.6	36.93%	149.4	135.4
2	Independent Bulgarian Energy Exchange EAD	Electricity	3030.8	700.4	332.70%	4.0	3.0
3	Natsionalna Elektricheska Kompania EAD	Electricity	2106.7	1311.0	60.70%	332.4	23.7
4	Astra Bioplant EOOD	Petroleum/Natural Gas	1706.1	860.9	98.19%	116.1	20.2
5	Lukoil-Bulgaria EOOD	Petroleum/Natural Gas	1649.7	1109.7	48.67%	38.5	4.9
6	AETs Kozloduy EAD	Electricity	1391.9	652.1	113.44%	455.2	141.0
7	Bulgargaz EAD	Petroleum/Natural Gas	1091.9	360.0	203.28%	32.7	20.3
8	Saksa OOD	Petroleum/Natural Gas	1029.4	720.4	42.89%	9.6	8.3
9	Kaufland Bulgaria EOOD & Co KD	Wholesale/Retail	970.2	889.6	9.06%	60.5	43.4
10	Lidl Bulgaria EOOD and KO KD	Wholesale/Retail	802.2	693.0	15.75%	37.9	33.6

GDP and GVA

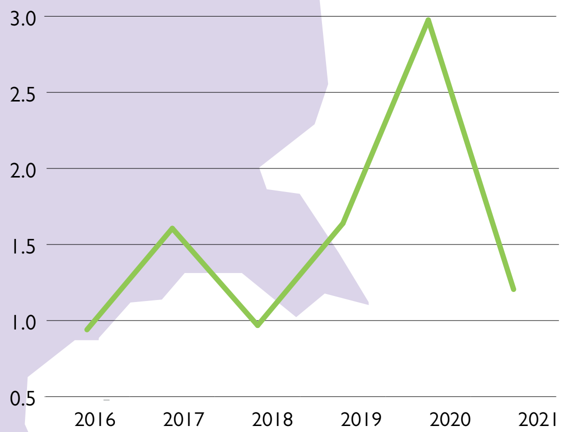
(in billions of Bulgarian levs)



Source: National Statistical Institute

FDI

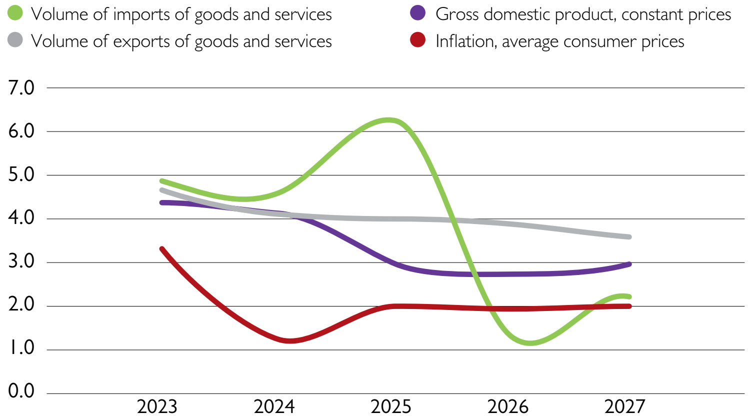
(in billions of euro)



Source: Bulgarian National Bank

BULGARIA ECONOMY FORECAST

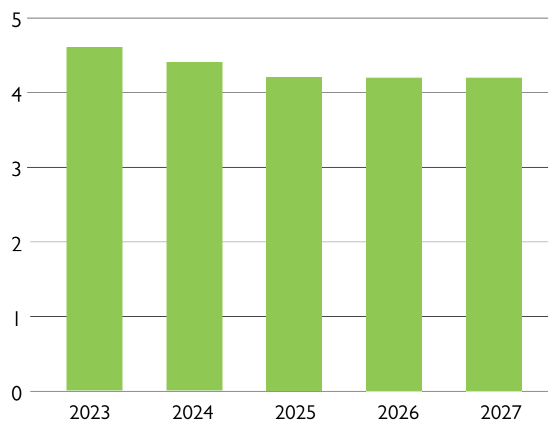
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

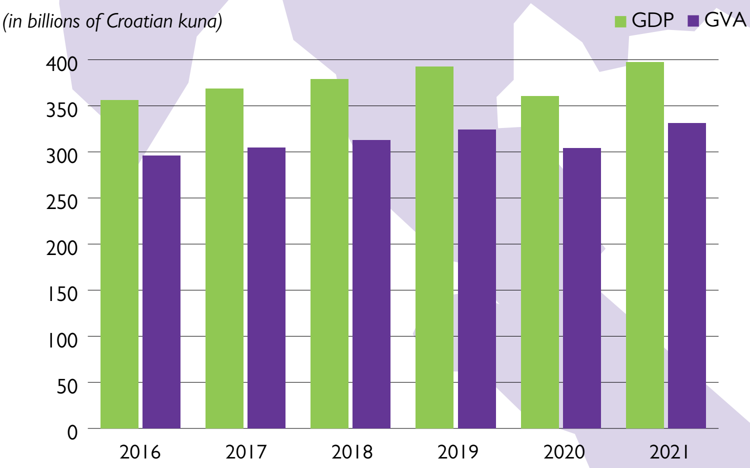
Croatia

TOP 10 *(in millions of euro)*

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	INA d.d.	Petroleum/Natural Gas	3046.0	1900.4	60.02%	169.2	-123.8
2	Prvo Plinarsko Drustvo d.o.o.	Petroleum/Natural Gas	2798.6	1298.8	115.11%	34.8	30.1
3	Konzum Plus d.o.o.	Wholesale/Retail	1425.8	1334.6	6.66%	5.4	-33.6
4	Hrvatska Elektroprivreda d.d.	Electricity	1379.4	1251.7	10.02%	140.9	185.9
5	Lidl Hrvatska d.o.o. k.d.	Wholesale/Retail	872.0	803.4	8.53%	50.5	36.5
6	Crodux Derivati Dva d.o.o.	Petroleum/Natural Gas	834.4	511.8	62.76%	12.0	12.0
7	Hrvatski Telekom d.d.	Telecommunications	809.8	780.0	3.64%	88.5	93.4
8	HEP-Proizvodnja d.o.o.	Electricity	689.8	569.7	20.88%	39.4	83.6
9	Plodine d.d.	Wholesale/Retail	689.0	601.9	14.28%	35.1	21.3
10	Spar Hrvatska d.o.o.	Wholesale/Retail	660.9	611.8	7.84%	2.0	-3.3

GDP and GVA

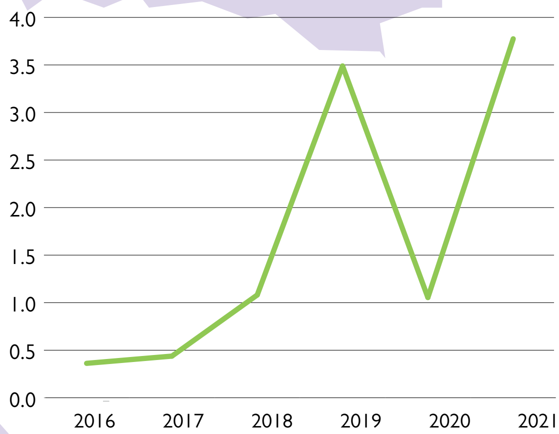
(in billions of Croatian kuna)



Source: Croatian Bureau of Statistics

FDI

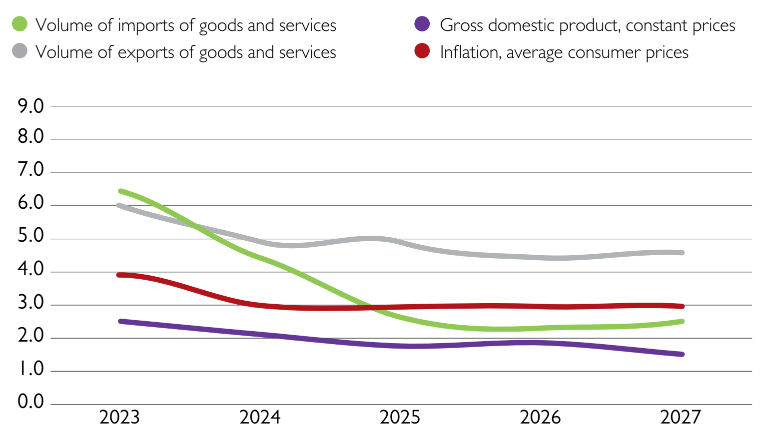
(in billions of euro)



Source: Croatian National Bank

CROATIA ECONOMY FORECAST

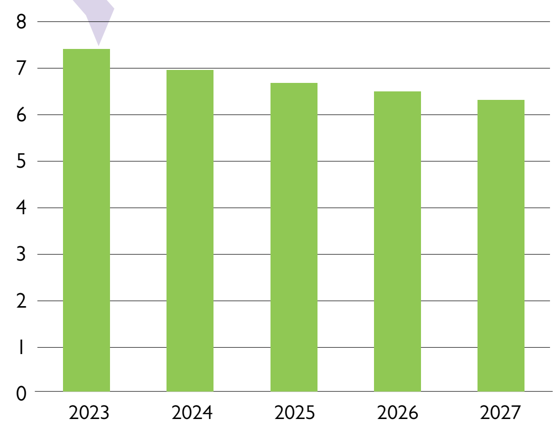
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

Moldova

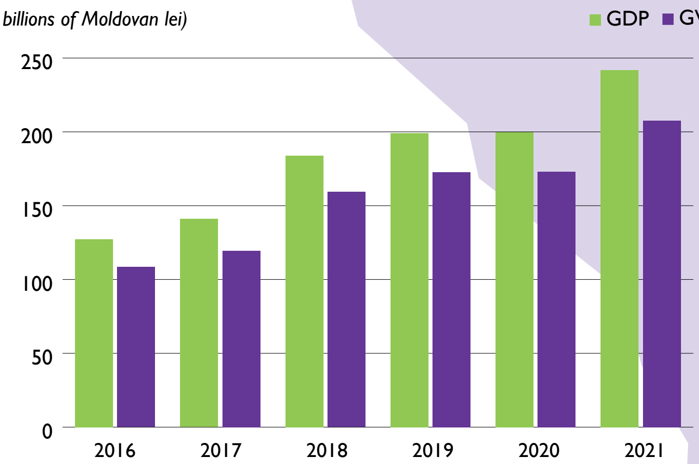
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Moldovagaz SA	Petroleum/Natural Gas	321.2	214.1	48.62%	-9.1	-32.0
2	Agrofloris - Nord SRL	Agriculture	293.2	140.6	106.60%	-8.6	-3.8
3	Moldretail Group SRL	Wholesale/Retail	286.0	220.5	28.47%	13.2	8.5
4	Lukoil - Moldova SRL	Petroleum/Natural Gas	285.5	207.2	36.49%	2.9	5.0
5	Rompetrol Moldova SA	Petroleum/Natural Gas	223.4	176.5	25.37%	0.5	1.3
6	Loteria Nationala a Moldovei SA	Entertainment	213.0	24.6	758.93%	5.0	-0.5
7	Premier Energy SRL	Electricity	205.2	199.9	1.66%	2.0	1.5
8	Orange Moldova SA	Telecommunications	145.8	137.9	4.70%	17.3	19.4
9	Termoelectrica SA	Electricity	136.9	103.1	31.53%	8.5	-0.2
10	Metro Cash & Carry Moldova SRL	Wholesale/Retail	126.4	107.8	16.11%	3.1	2.6

GDP and GVA

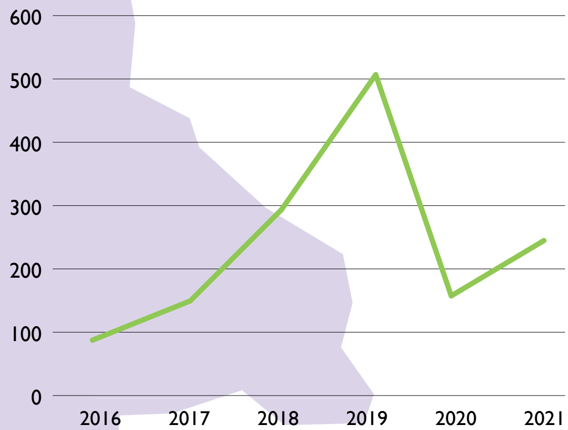
(in billions of Moldovan lei)



Source: National Bureau of Statistics of the Republic of Moldova

FDI

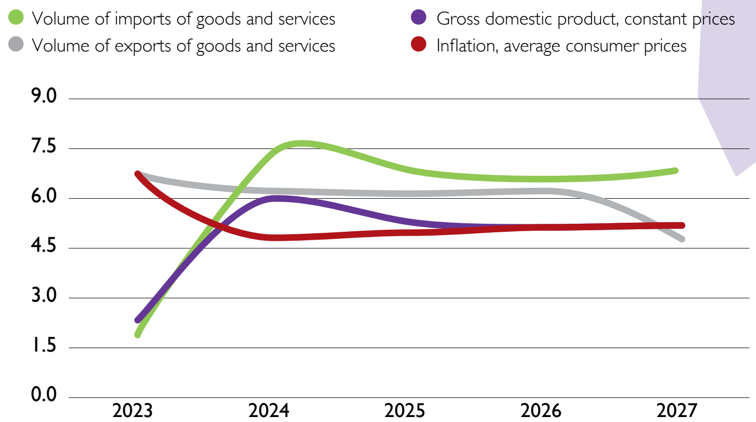
(in millions of US dollars)



Source: National Bank of Moldova

MOLDOVA ECONOMY FORECAST

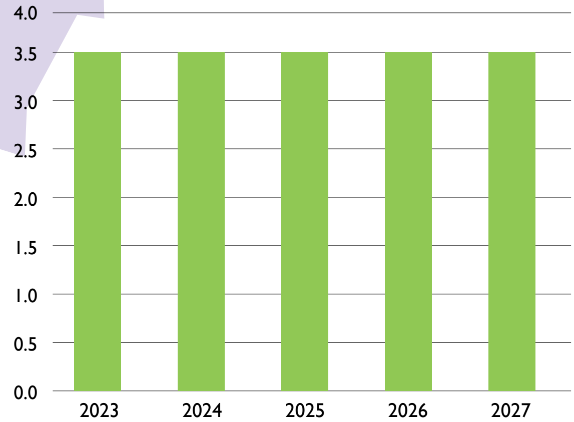
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

Montenegro

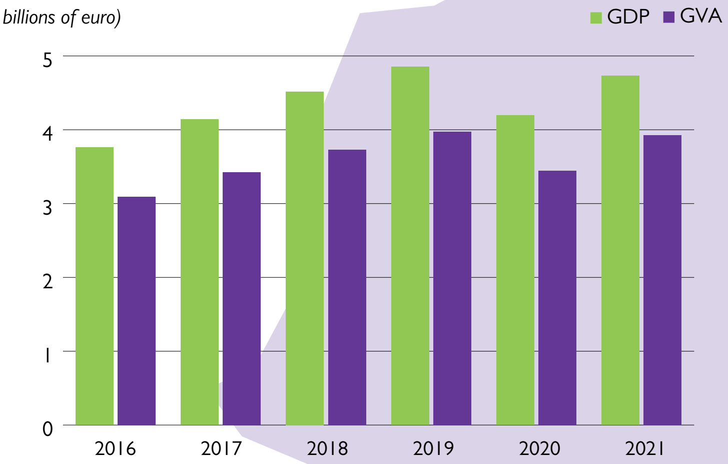
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Elektroprivreda Crne Gore A.D.	Electricity	392.1	326.7	20.03%	47.4	16.2
2	Voli Trade D.O.O.	Wholesale/Retail	256.3	218.7	17.20%	5.4	2.5
3	Hard Discount Lakovic D.O.O.	Wholesale/Retail	166.3	137.0	21.36%	4.8	3.0
4	Jugopetrol A.D.	Petroleum/Natural Gas	151.0	84.8	78.05%	5.5	2.6
5	Bemax D.O.O.	Metals	140.6	132.6	6.05%	14.1	27.6
6	Uniprom D.O.O.	Transportation	117.2	74.2	57.92%	8.5	-2.7
7	Mercator-CG D.O.O.	Wholesale/Retail	103.5	93.3	10.97%	-2.9	-7.4
8	Crnogorski Elektrodistributivni Sistem D.O.O.	Electricity	102.7	93.6	9.71%	-9.8	0.8
9	Glosarij D.O.O.	Wholesale/Retail	99.9	84.3	18.49%	5.3	3.7
10	Zdravstvena Ustanova Apoteke Crne Gore Montefarm	Wholesale/Retail	99.7	81.3	22.60%	0.8	0.4

GDP and GVA

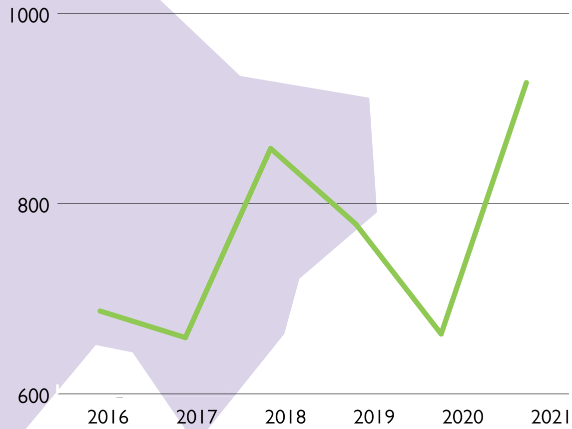
(in billions of euro)



Source: Statistical Office of Montenegro

FDI

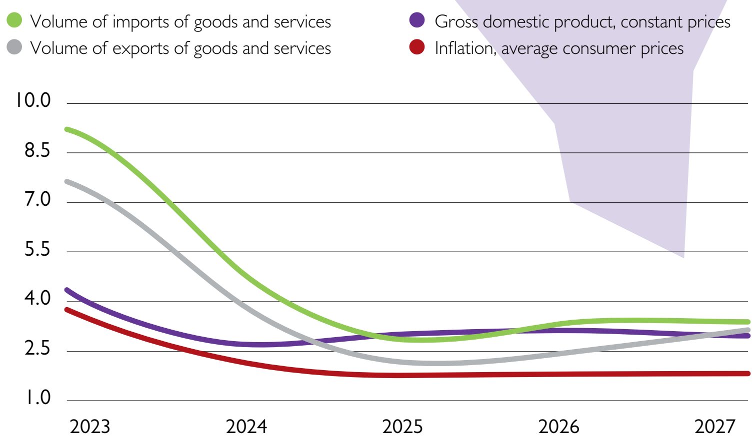
(in millions of euro)



Source: Central Bank of Montenegro

MONTENEGRO ECONOMY FORECAST

(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

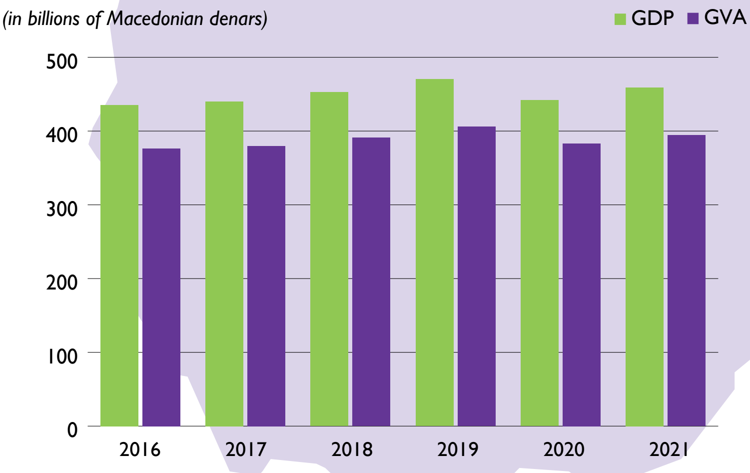
North Macedonia

TOP 10 *(in millions of euro)*

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Johnson Matthey DOOEL	Chemicals	2077.1	1742.0	19.02%	79.8	68.4
2	Okta AD	Petroleum/Natural Gas	425.0	249.8	69.85%	6.1	-8.4
3	Makpetrol AD	Petroleum/Natural Gas	365.0	271.6	34.15%	22.3	5.7
4	EVN Home DOO	Electricity	335.4	276.5	21.08%	-0.7	-11.9
5	Elektrani na Severna Makedonija (ELEM) AD	Electricity	259.1	194.8	32.81%	-28.1	-16.7
6	Euronikel Industri DOO	Metals	233.7	187.8	24.22%	6.1	5.6
7	Kromberg & Schubert Makedonija DOOEL	Wholesale/Retail	210.5	199.8	5.16%	2.5	-0.4
8	GEN-I DOOEL	Electricity	194.7	73.7	163.83%	0.4	0.5
9	Kam DOO	Wholesale/Retail	187.3	169.1	10.58%	5.1	4.9
10	Makedonski Telekom AD	Telecommunications	183.6	183.7	-0.25%	28.0	28.0

GDP and GVA

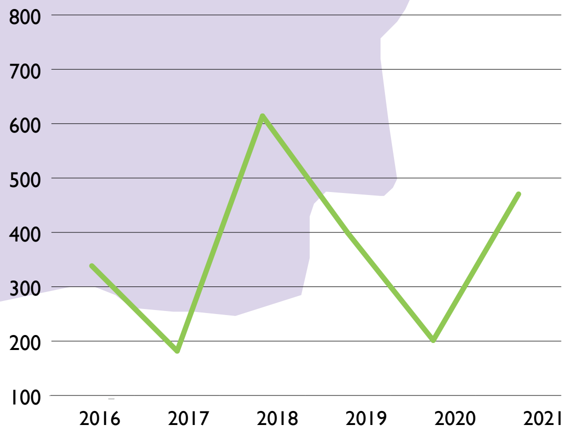
(in billions of Macedonian denars)



Source: State Statistical Office of the Republic of Macedonia

FDI

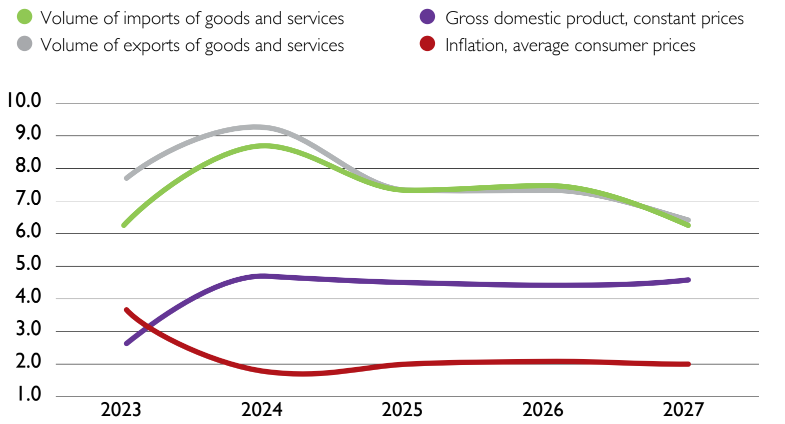
(in millions of euro)



Source: National Bank of the Republic of Macedonia

NORTH MACEDONIA ECONOMY FORECAST

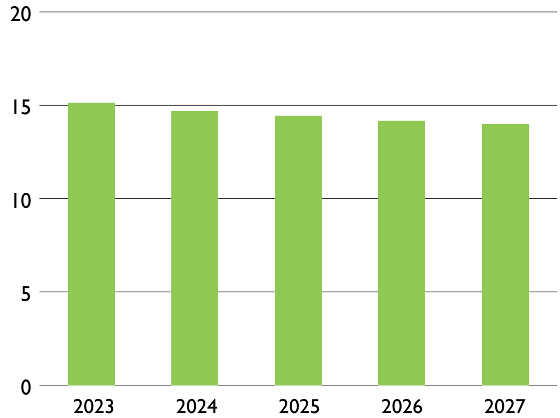
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

Romania

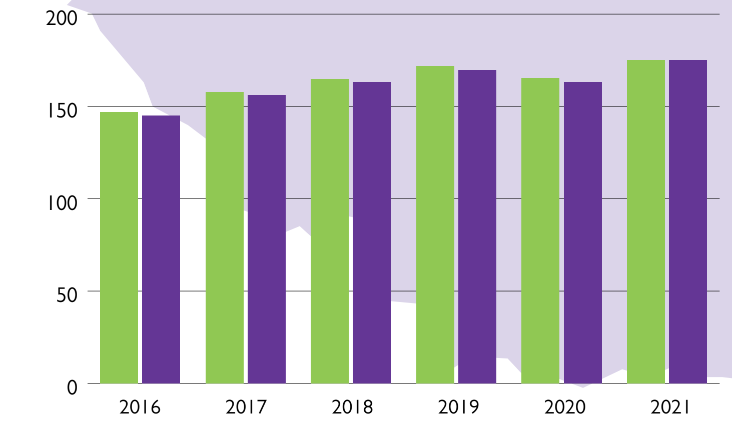
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	OMV Petrom SA	Petroleum/Natural Gas	6043.5	3808.4	60.36%	546.3	283.7
2	Automobile-Dacia SA	Automobiles	4398.0	3814.4	16.52%	101.3	61.2
3	OMV Petrom Marketing SRL	Petroleum/Natural Gas	3858.8	2996.8	30.12%	102.0	67.4
4	Lidl Discount SRL	Wholesale/Retail	3056.5	2667.5	15.79%	149.9	155.3
5	Kaufland Romania SCS	Wholesale/Retail	2847.8	2650.7	8.57%	180.3	199.3
6	Rompetrol Rafinare SA	Petroleum/Natural Gas	2646.1	1800.0	48.56%	-91.7	-132.6
7	Rompetrol Downstream SRL	Petroleum/Natural Gas	2510.7	1936.4	31.03%	18.8	20.4
8	British American Tobacco (Romania) Trading SRL	Food/Drinks/Tobacco	2495.2	2363.3	6.70%	31.2	28.4
9	Ford Romania SA	Automobiles	2376.4	2575.4	-6.75%	12.5	15.9
10	Dedeman SRL	Wholesale/Retail	2093.0	2182.5	-3.09%	341.1	298.7

GDP and GVA

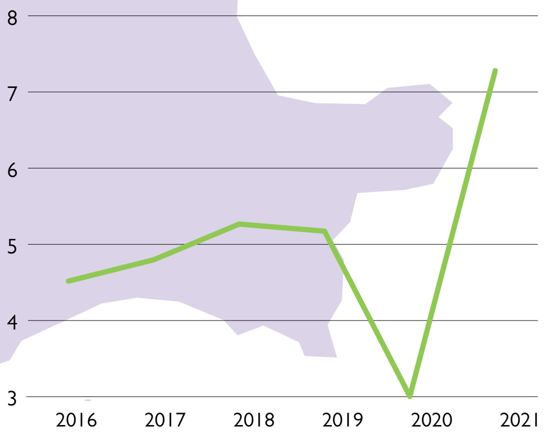
(in billions of Romanian lei)



Source: National Institute of Statistics

FDI

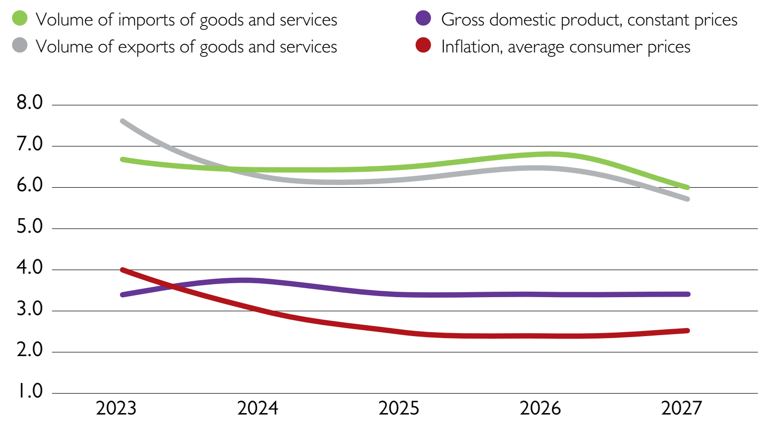
(in billions of euro)



Source: National Bank of Romania

ROMANIA ECONOMY FORECAST

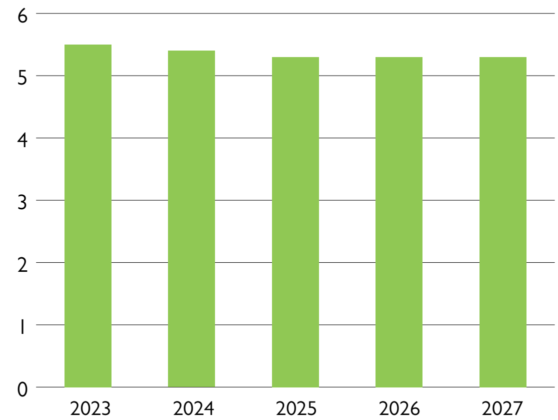
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

Serbia

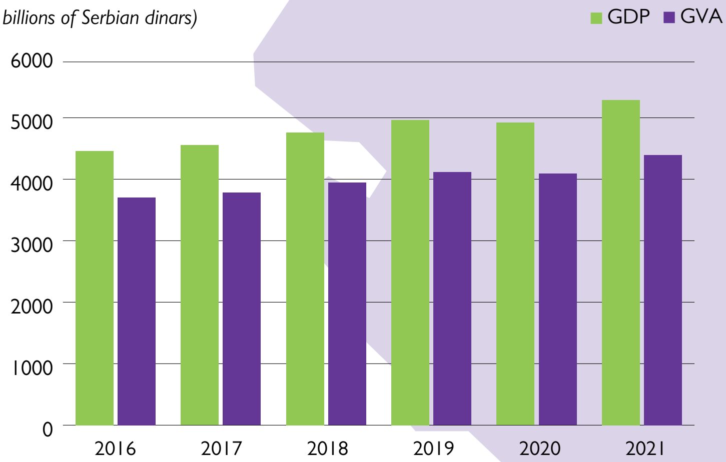
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	JP Elektroprivreda Srbije	Electricity	2867.7	2566.5	12.07%	-127.1	101.1
2	Naftna Industrija Srbije AD	Petroleum/Natural Gas	2423.8	1483.5	63.86%	196.7	-50.4
3	HBIS Group Serbia Iron & Steel DOO	Metals	1123.2	563.2	100.03%	201.9	-51.6
4	Serbia Zijin Copper DOO	Metals	1075.4	660.6	63.27%	202.2	71.7
5	JP Srbijagas	Petroleum/Natural Gas	1031.7	781.0	32.49%	32.1	25.5
6	Delhaize Serbia DOO	Wholesale/Retail	1026.9	964.0	6.84%	25.3	33.5
7	Telekom Srbija AD	Telecommunications	960.6	823.0	17.06%	111.8	47.0
8	Elektrodistribucija Srbije DOO	Electricity	897.1	772.1	16.52%	0.3	-15.5
9	Tigar Tyres DOO	Rubber/Rubber Products	890.4	814.3	9.66%	77.9	78.6
10	Mercator-S DOO	Wholesale/Retail	702.2	692.9	1.65%	-13.9	-46.7

GDP and GVA

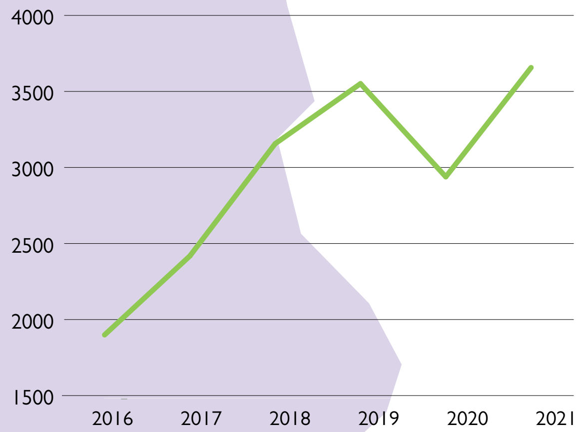
(in billions of Serbian dinars)



Source: Statistical Office of the Republic of Serbia

FDI

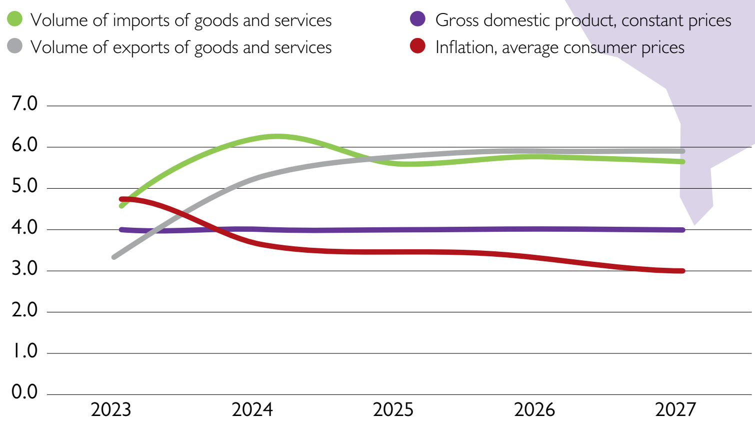
(in millions of euro)



Source: National Bank of Serbia

SERBIA ECONOMY FORECAST

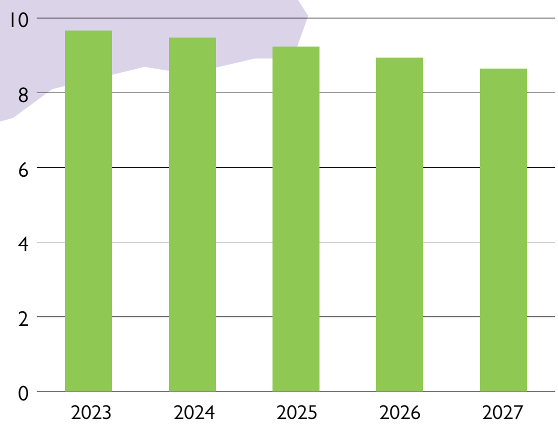
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

SEE LANDSCAPE

Slovenia

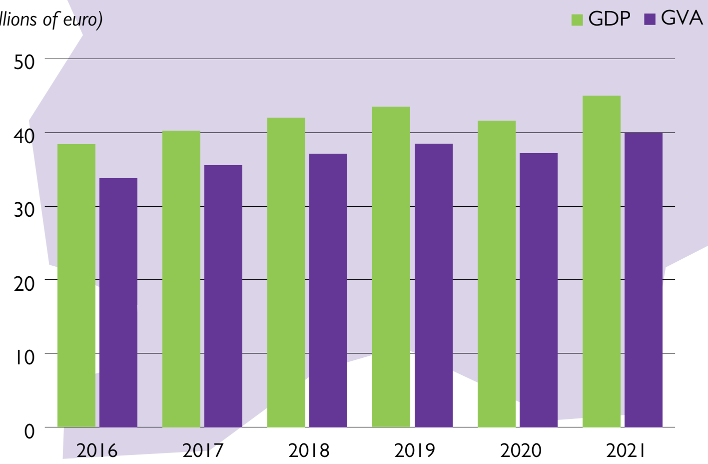
TOP 10

(in millions of euro)

Rank 2021	Company name	Industry	Total revenue 2021	Total revenue 2020	Y/Y change in revenue	Net profit/ loss 2021	Net profit/ loss 2020
1	Petrol d.d.	Petroleum/Natural Gas	3858.6	2468.8	56.29%	66.5	28.9
2	GEN-I d.o.o.	Electricity	3617.6	2148.6	68.37%	73.5	14.7
3	Holding Slovenske Elektrarne d.o.o.	Electricity	2746.3	1870.7	46.81%	18.9	-226.9
4	Belektron d.o.o.	Financial Services	2460.6	818.0	200.82%	77.8	9.5
5	Gorenje d.o.o.	Electronics	2062.2	1219.9	69.05%	-1.2	-11.5
6	Krka d.d.	Pharmaceuticals	1412.7	1484.0	-4.80%	245.2	258.5
7	Lek d.d.	Pharmaceuticals	1298.9	1222.9	6.22%	147.0	140.3
8	Poslovni Sistem Mercator d.d.	Wholesale/Retail	1239.6	1247.4	-0.63%	-3.1	-55.4
9	Revoz d.d.	Automobiles	1220.3	1401.2	-12.91%	5.8	-1.6
10	Interenergo d.o.o.	Electricity	1088.4	462.1	135.52%	2.9	1.1

GDP and GVA

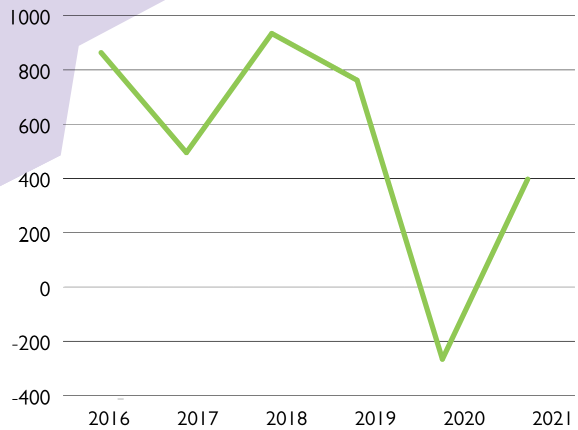
(in billions of euro)



Source: Statistical Office of the Republic of Slovenia

FDI

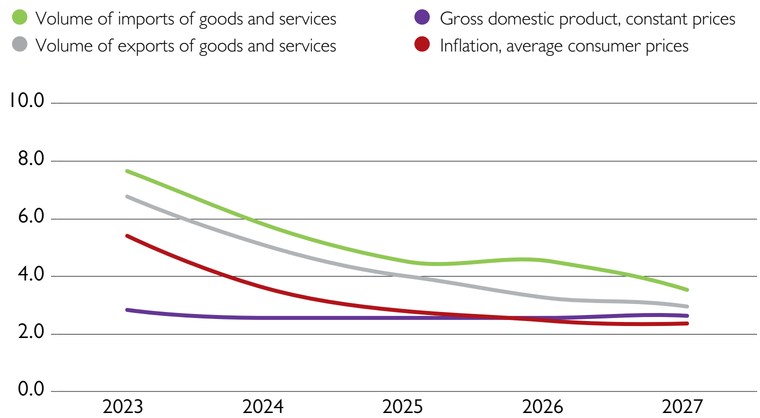
(in millions of euro)



Source: Banka Slovenije

SLOVENIA ECONOMY FORECAST

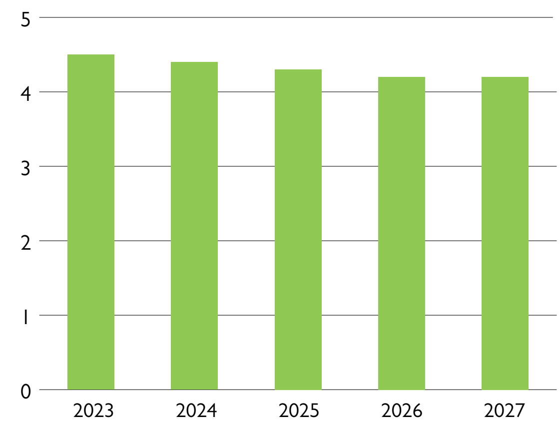
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2022

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