

Weekly Financial

Focus – October 28, 2011

Killing off FX loans would wipe out mortgages loans, central bank chief

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BSE: Stocks rise on EU Summit hopes

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News & real economy

Killing off FX loans would wipe out mortgage loans, central bank chief

Central bank governor yesterday said that it would be a big mistake if all FX loans were stopped while a move like this would certainly put an end to mortgage loans. He acknowledged that FX lending involves some risks, but the 'mix' is also very important. Central bank issued recently a regulation which aims to put a squeeze on FX consumer loans. Under the new framework, the maturity of the consumer loans will be no longer than five years, while the collateral will cover 133% of the borrowed amount.

Although concerns worldwide may dissipate for a while in the wake of Greece's rescue and market sentiment is likely to recover somewhat, we maintain our economic growth scenario for Romania, which shows that real GDP will trail below long-term potential in 2012-13, due to a fragile recovery in household consumption. Although Romania is in a more comfortable position than Greece in almost every aspect, it is worth noticing that fiscal consolidation here is only part-way through and elections are just around the corner. Romania will have to walk a thin line in the coming months and years to demonstrate that it has learned its lesson and is ready to generate economic growth in a more sustainable way.

For now, it seems that the European crisis has avoided catastrophe, and everybody welcomed the massive debt reduction in Greece's debt and the EUR 130bn in fresh funding coming from EU/IMF under the Brussels agreement. The country vowed to push ahead with the long-delayed reforms, but it remains to be seen how reforms in Greece will actually come along in the complete absence of public support, which already harbors fears about the country losing its sovereignty.

NBR to keep key rate on hold

Last week, NBR Deputy Governor Popa said that a country whose C/A deficit was substantial before the global financial crisis and is still hovering around 4% of GDP needs to stimulate domestic savings and this requires appropriate levels of interest rates on deposits. Popa added that the NBR will not rush to cut rates, even though it expects inflation to ease further in the coming months from an all-time low of 3.5% y/y reached in September. The balance of risks associated with inflation is still on the upside and is coming mainly from the external sector.

These statements reinforce our view that the NBR will keep the key rate on hold at 6.25% next Wednesday, due to uncertainties regarding the long-term resolution of the Eurozone sovereign debt crisis. The NBR governor, President Basescu and top officials from the MinFin recently advocated the need for another Vienna-like initiative that should ensure the maintenance of the exposure to Romania of the largest foreign banks. According to BIS data, banks from Austria, Greece, France, Italy and Netherlands are the top external creditors of Romania. According to our scenario, 5Y government yields should remain around the present levels at the end of 2011 before falling to 7.3% in June 2012.

Fiscal consolidation efforts to continue in 2012

A leader of the ruling Democrat Liberal Party said that the government is considering a freeze of public wages and pensions in 1H12 in its negotiations with the IMF and EU for the 2012 state budget. The officially estimated economic growth is 2%. Potential hikes in public wages and pensions in 2H12 are conditional upon a good performance of the Romanian economy. President Basescu said that Romania should cut its budget deficit to below 3% of GDP in 2012, in order to avoid excessive borrowing during these turbulent times and to create the conditions for a gradual reduction of the public debt (currently at 31% of GDP) in the years ahead.

The new legislation in the area of public wages, which enables the replacement of only one in seven departing workers, led to a natural decrease in the number of public servants of at least 5,000 people each month. In 2012, the focus will shift to the cut in the number of employees in loss-making state-owned enterprises. According to

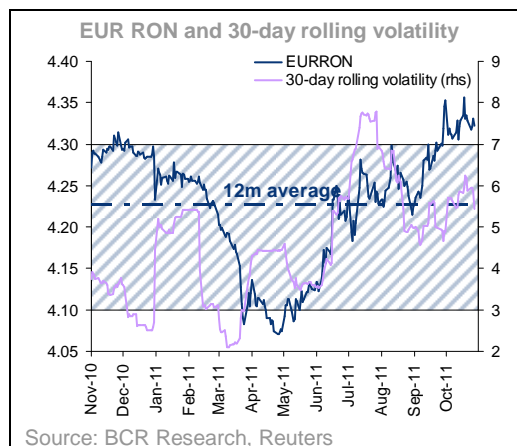
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President Basescu, major categories of taxes will remain unchanged in 2012, as the government is trying to increase the predictability of the business environment. In our view, the parliamentary elections scheduled for November 2012 create some incentives for populist fiscal measures, but these are likely to be mitigated by a provision of the fiscal responsibility law, which does not allow an increase in public wages in the last six months of the mandate of the central or local governments. In our view, a budget deficit of 4.2% of GDP and a clear determination of the government to continue the reforms of the public sector in an election year should ensure Romania easy access to international capital markets in 2012.

FX Market

	Spot	Dec-11	Mar-12	Jun-12	Sep-12
EURRON - eop	4.310	4.28	4.27	4.26	4.26
- Fwd		4.35	4.40	4.45	4.50
USDRON - eop	3.044	3.17	3.28	3.28	3.28
- Fwd		3.07	3.12	3.17	3.21

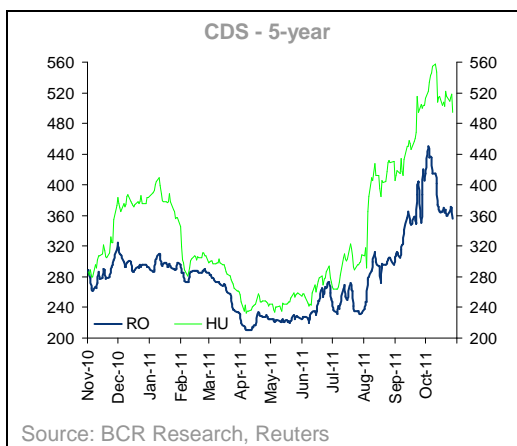
Source: BCR Research, Erste Group Research, Reuters



Money market & FI

	Spot	Dec-11	Mar-12	Jun-12	Sep-12
Key rate	6.25	6.25	6.25	6.25	6.25
ROBOR 3M	6.23	6.00	6.10	6.10	6.10
- Fwd		6.11	5.94	5.86	5.55
5-year T-bonds	7.7	7.5	7.4	7.3	7.3

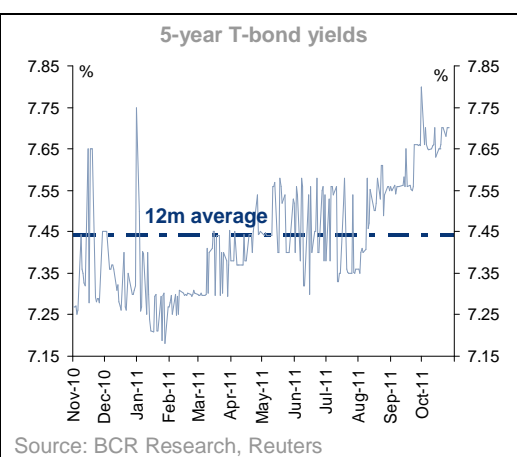
Source: BCR Research, Reuters



Government gross debt issuance

RON mn.	Oct-09	Oct-10	Oct-11	10m09	10m10	10m11
T-bills	1,072	2,897	1,151	51,325	24,063	30,978
T-bonds	1,456	200	982	6,632	6,360	11,151
TOTAL	2,528	3,097	2,133	57,957	30,423	42,129

Source: Ministry of Public Finance



Maturing government debt securities

RON million	N-11	D-11	J-12	F-12	M-12	A-12	M-12	J-12	J-12	A-12	S-12	O-12
- T-bills	3,124	2,473	4,341	2,561	1,899	4,340	2,641	3,257	2,650	1,400	3,053	0
- T-bonds	0	0	0	0	2,114	50	0	18	0	0	0	0
TOTAL	3,124	2,473	4,341	2,561	4,013	4,390	2,641	3,275	2,650	1,400	2,317	0

Source: Reuters

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EUR million	N-11	D-11	J-12	F-12	M-12	A-12	M-12	J-12	J-12	A-12	S-12	O-12
- T-bonds (local)	-	-	-	-	-	-	-	-	-	-	-	-
- EMTN	-	-	-	-	-	-	-	-	-	-	-	-
- Eurobonds	-	-	-	-	-	-	700	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-

Source: Reuters

Government debt (outstanding)

Local RON - million		Local EUR - million		Foreign EUR - million		Foreign JPY - million	
- T-bills	31,739	- T-bonds	3,963	- Eurobonds	2,450	- Loan	28,746
- T-bonds	31,050			- EMTN	1,500		
TOTAL	62,789		3,963		3,950		28,746

Source: Reuters

Auction schedule for government debt in October 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bills	3-Oct-11	5-Oct-11	5-Apr-12	-	300	298	6.69
T-bonds	6-Oct-11	10-Oct-11	30-Apr-16	6.00	500	Scrapped	
T-bills	10-Oct-11	12-Oct-11	10-Sep-12	-	800	117	6.83
T-bonds	17-Oct-11	19-Oct-11	19-Oct-13	6.00	800	800	7.40
T-bonds	20-Oct-11	24-Oct-11	25-Oct-14	6.25	600	182	7.49
T-bills	24-Oct-11	26-Oct-11	24-Sep-12	-	1,000	736	6.82

Source: Ministry of Public Finances, Reuters

Capital market

Market comment:

BSE: Stocks rise on EU Summit hopes

- The decisions made at EU Summit marked a favorable turning point for the BSE, with daily liquidity and indices significantly advancing during Thursday trading session. Thus, the value of trades amounted to EUR 13mn on Thursday, well above the EUR 3.1mn the average of the previous three trading sessions.
- BET-FI recorded the highest jump among BSE indices on Thursday, with 6.2% d/d.
- We expect the optimism to fade in the coming days, as investors focus now is on analysts' expectations regarding the 3Q11 results. Most of the local companies will publish their quarterly results in the coming to weeks.

Main events of the week

Fondul Proprietatea: Secondary listing on Warsaw Stock Exchange delayed

Franklin Templeton proposed a few important topics for the shareholder meeting on November 23.

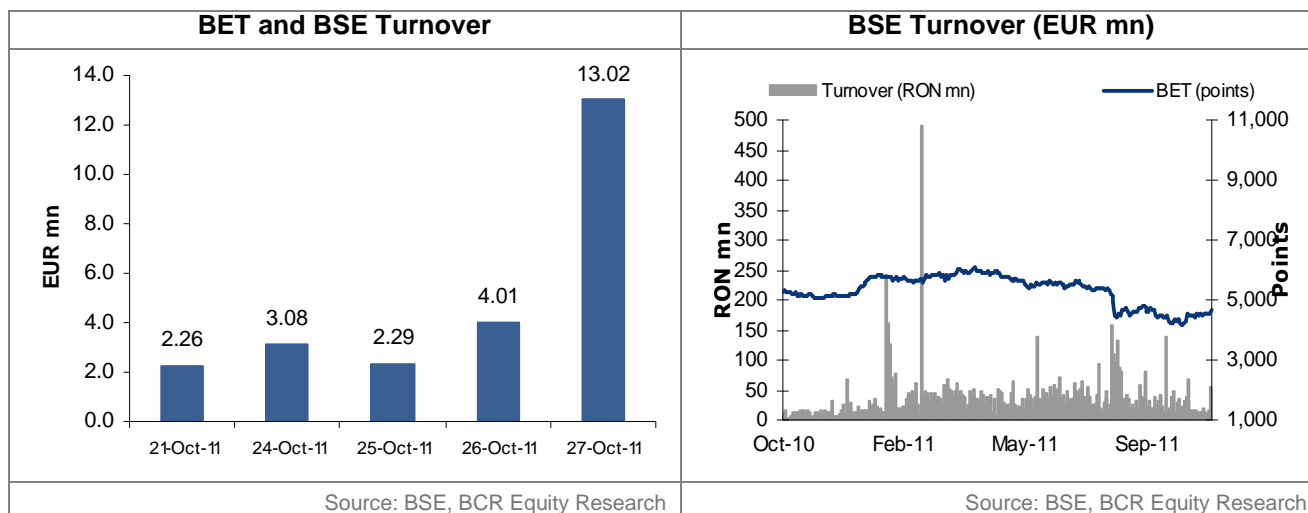
(1) Changing the management contract, enforcing the power of the fund manager, which will be able to decide without GSM approval on selling stakes representing 20% of FP assets. (2) The quarterly payment of the fee of 0.479% of the fund's market capitalization on average, considering the last 90 trading sessions (compared to an annual payment, as will be the case for FY11). (3) Net profit of RON 442mn for FY12, according to the budget proposal (this is below the profit expected this year).

The fund manager also announced that the secondary listing of FP on the Warsaw Stock Exchange (WSE) will be delayed (the initial plan was for the listing to take place in 1Q12), due to the feedback of the Romanian National Securities Commission (CNVM), which identified a few more obstacles than Franklin Templeton envisaged.

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Banca Transilvania: 13% higher net profit in 3Q11, on significantly lower provisioning

Banca Transilvania reported 3Q11 net profit of RON 41.2mn, 13% higher y/y and more than 35% above our forecast, mainly on the back of significantly lower provisioning (46% lower y/y and 34% below our estimate). Net interest income and net fee and commission income came in at levels comparable with those from 3Q10 (up only 1% and 3%, respectively, y/y). The figures are in line with our forecast.



Mutual funds

There are a lot of indicators to measure risk for a bond fund such as duration or convexity. However, one measure in particular is often considered a straightforward indicator by many investors: the funds' average yield. In other words, many people look to purchase funds based on the magnitude of their yields, out of misplaced belief that it will forecast future performances. Of course, when one realizes the risk of adverse occurrences, such as an unexpected increase of the level of interest rates or credit spreads, that promise starts to look illusory. A generous yield is always in high demand, but also stands as a crucial indicator of the amount of risk being incurred within the bond portfolio. Sometimes that risk is borne out in actual sight: high yield funds – the bonds trading at heavy discounts, and sometimes skilled management prevents that risk to be easily perceived by investors. Local funds have produced excellent returns in the past three years but we have to watch closely now when the going gets tough due to exposures to lower-rating bonds. Regardless of where you look for your next bond portfolio, be sure to look past most compelling statistics before you make the decision.

Macroeconomic indicators

		1M_10	3M_10	6M_10	8M_10	9M_10	12M_10	1M_11	3M_11	6M_11	8M_11
Industry	y/y % ch.	6.9	4.1	5.6	5.3	5.2	5.5	11.9	11.4	7.5	7.0
- Manufacturing	y/y % ch.	7.6	4.0	5.8	5.5	5.5	6.0	14.3	13.2	7.8	7.4
- Electricity, gas, steam and air conditioning	y/y % ch.	13.1	13.5	11.7	10.4	9.4	8.2	3.5	3.7	5.5	5.0
- Mining and quarrying	y/y % ch.	-14.0	-12.4	-9.2	-7.5	-7.7	-6.9	1.6	3.8	7.6	5.7
- Capital goods	y/y % ch.	23.2	11.9	11.2	9.4	9.0	8.9	13.9	14.1	6.1	6.5
- Durables	y/y % ch.	-11.9	-9.4	-5.9	-3.4	-1.9	2.4	15.2	13.7	7.7	5.8
- Intermediary goods	y/y % ch.	10.4	5.6	10.1	10.1	9.9	10.4	20.6	21.1	14.8	13.1
- Consumption goods	y/y % ch.	-15.0	-8.2	-6.1	-4.8	-4.4	-3.5	7.9	2.6	1.1	1.1
New orders	y/y % ch.	16.3	18.9	23.9	25.4	26.0	26.3	41.1	26.4	19.4	17.6
Constructions	y/y % ch.	-12.4	-20.9	-15.7	-17.2	-16.4	-13.2	-8.5	-4.4	-5.0	-0.3
- Residential	y/y % ch.	-42.4	-41.0	-34.0	-37.4	-37.4	-35.7	0.3	-13.4	-26.5	-15.7
- Non-residential	y/y % ch.	-28.4	-30.1	-22.4	-21.6	-18.4	-13.6	-9.4	0.4	4.7	13.5
- Infrastructure	y/y % ch.	16.3	-1.2	-0.8	-3.9	-4.7	-3.1	-10.7	-3.3	-1.4	-1.3
Retail sales	y/y % ch.	-11.4	-7.5	-4.1	-4.5	-4.2	-5.3	-5.7	-5.5	-5.8	-4.7
- Food	y/y % ch.	-9.1	-7.4	-6.1	-7.0	-7.0	-7.5	-7.4	-10.7	-9.7	-8.7
- Non-food	y/y % ch.	-13.5	-8.9	-4.9	-5.8	-6.2	-7.9	0.5	-1.3	-3.4	-2.6
- Fuels	y/y % ch.	-10.7	-4.7	0.9	2.3	4.5	3.7	-15.4	-5.1	-4.2	-2.3
Auto vehicles sales and related serv.	y/y % ch.	-29.4	-17.8	-11.9	-11.4	-10.4	-6.6	10.7	4.8	0.5	3.5
Wholesale (nom. growth)	y/y % ch.	-16.2	-7.0	-3.7	-2.4	-1.6	1.1	27.4	18.4	13.1	n/a
Household services	y/y % ch.	7.0	8.4	11.8	11.5	12.5	12.0	7.3	7.4	6.4	9.1
Services to companies (nom. growth)	y/y % ch.	-2.4	-2.4	2.1	1.6	2.1	3.1	5.0	4.6	1.9	n/a
Exports (FOB)	y/y % ch.	20.5	20.0	26.2	25.4	26.6	28.1	48.0	39.6	28.3	25.4
	€ mn.	2,313	7,902	17,164	23,334	26,855	37,253	3,423	11,033	22,026	26,267
- EU exports	y/y % ch.	17.7	18.8	24.2	23.2	23.7	24.7	40.0	35.5	25.1	22.7
	€ mn.	1,750	5,887	12,598	16,925	19,480	26,876	2,451	7,977	15,761	20,766
Imports (CIF)	y/y % ch.	6.5	13.1	20.6	20.0	19.4	19.9	30.2	21.7	18.8	18.5
	€ mn.	2,786	9,955	22,054	29,505	33,865	46,719	3,628	12,119	26,206	34,965
- EU imports (CIF)	y/y % ch.	2.0	10.5	17.4	18.7	18.2	19.4	30.8	24.0	19.7	18.6
	€ mn.	1,976	7,225	15,877	21,362	24,509	33,841	2,585	8,956	19,010	25,342
Trade deficit (FOB-FOB)	€ mn.	-258	-1,287	-3,024	-3,829	-4,303	-5,905	91.0	-455	-2,499	n/a
C/A deficit	€ mn.	-111	-1,544	-3,647	-4,103	-4,233	-4,969	-15	-634	-2,601	-3,296
FDIs (inflows)	€ mn.	302	486	1,227	2,346	2,070	2,596	240	379	1,015	1,126
CPI	eop - %	5.20	4.20	4.38	7.58	7.77	7.96	6.99	8.01	7.93	4.25
- Core 2 (unadj.)	eop - %	5.32	4.41	4.53	7.12	6.81	6.23	5.06	5.61	5.80	3.25
Gross wages	RON	1,967	2,074	1,951	1,846	1,846	2,067	1,963	2,056	2,026	2,005
	y/y % ch. 12m	8.0	6.0	4.7	3.4	2.8	2.5	1.9	0.8	0.8	2.3
Budget balance	% of GDP	0.0	-1.6	-3.4	-4.1	-4.6	-6.5	0.2	-1.0	-2.1	-2.4
	RON mn.	15.4	-8,422	-18,015	-20,906	-23,325	-33,305	819	-5,190	-11,260	-12,971
EUR/RON	eop	4.12	4.10	4.37	4.26	4.27	4.28	4.25	4.11	4.23	4.35
	avg	4.14	4.11	4.15	4.17	4.18	4.21	4.26	4.22	4.18	4.21
Key rate	eop - %	7.50	6.50	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
ROBOR 3M	eop - %	8.3	5.7	7.2	6.8	6.8	6.2	5.0	5.7	5.5	6.2
	avg - %	8.8	7.4	6.8	6.8	6.8	6.7	5.3	6.1	5.7	5.7

Source: NIS, Central Bank, MoF, BCR Research

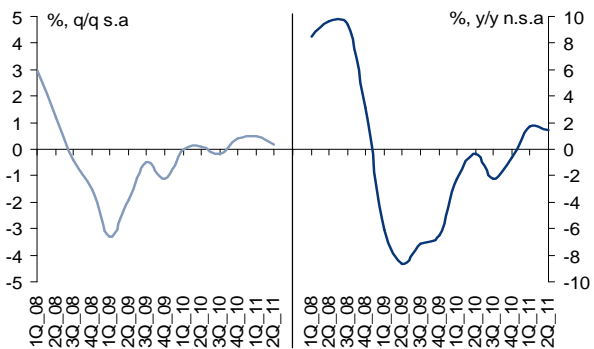
Macro forecasts

	2005	2006	2007	2008	2009	2010	2011f	2012f
Real economy								
GDP - %, y/y real change	4.2	7.9	6.3	7.3	-7.1	-1.3	1.4	1.9
GDP - RON bn	289	345	416	515	498	514	543	571
GDP per capita - EUR tsd	3.7	4.5	5.8	6.5	5.5	5.7	6.0	6.3
Private consumption - %, y/y real ch.	9.6	11.6	10.3	8.9	-8.7	-2	1.5	1.7
GFCF - %, y/y real change	15.3	19.9	30.3	15.6	-25.2	-13.1	1.8	2.2
Industrial production - % y/y real ch.	2.0	7.1	5.4	0.9	-5.5	5.5	3.2	2.5
Retail sales - %, y/y real ch.	17.5	13.5	16.4	19.9	-10.3	-5.3	-1.5	1.5
External sector								
Exports (FOB) - EUR million	22,255	25,851	29,549	33,725	29,084	37,294	41,396	44,915
Imports (FOB) - EUR million	30,061	37,609	47,371	52,834	35,954	43,199	47,303	50,851
Trade balance - % of GDP	-9.8	-12.0	-14.3	-13.7	-5.8	-4.8	-4.6	-4.4
C/A balance - % of GDP	-8.6	-10.4	-13.4	-11.6	-4.2	-4.1	-4.4	-4.6
FDIs (inflows) - % of GDP	6.5	9.3	5.7	6.7	3.0	2.1	1.5	1.8
Prices								
CPI - y/y (%)	8.6	4.9	6.6	6.3	4.7	8.0	3.3	4.1
CPI - average (%)	9.0	6.6	4.8	7.9	5.6	6.1	5.8	3.3
IPPI - y/y (%)	9.6	11.6	10.5	7.9	1.4	6.3	5.7	4.5
Labour market								
Unemployment rate - %	7.2	7.3	6.4	5.8	6.9	7.3	7.2	7.1
Gross wages - RON	968	1,146	1,396	1,742	1,889	1,937	2,024	2,125
Gross wages - %, real change	8.6	11.1	16.2	15.6	2.7	-3.4	-1.2	1.7
Public sector								
Fiscal deficit - % of GDP (ESA)	-1.2	-2.2	-2.5	-5.4	-8.5	-6.4	-4.9	-4.2
Public debt - % of GDP (Eurostat)	15.8	12.4	12.6	13.3	23.9	30.8	33.5	35.7
Interest rates								
Key rate	7.50	8.75	7.50	10.25	8.00	6.25	6.25	6.25
ROBOR 3M - % eop	7.6	8.6	8.4	15.5	10.7	6.2	6.0	6.1
ROBOR 3M - % average	9.8	8.8	7.8	13.0	11.7	6.7	5.8	6.1
FX rates								
EUR/RON avg.	3.62	3.52	3.34	3.68	4.24	4.21	4.23	4.26
USD/RON avg.	2.19	2.81	2.44	2.52	3.05	3.17	3.02	3.25

Source: BCR Research, NBR, NIS, Eurostat

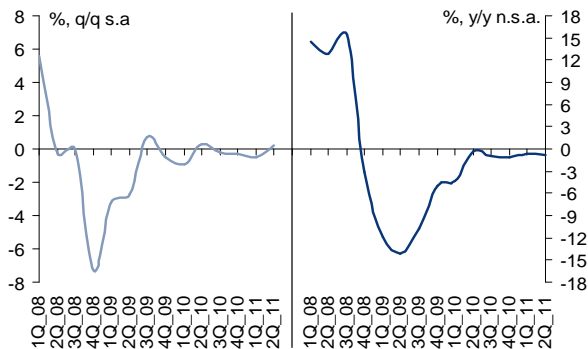
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Gross Domestic Product



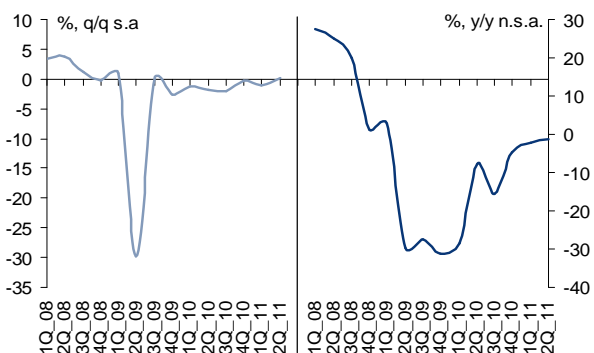
Source: Eurostat, BCR Research

Households consumption



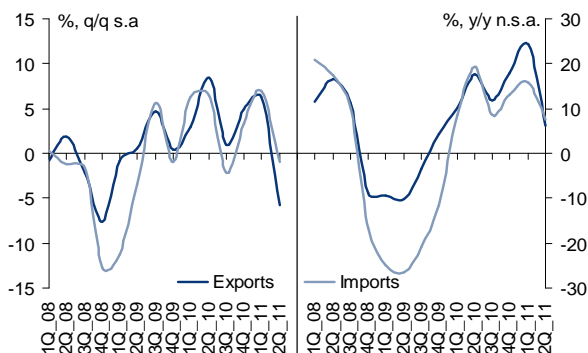
Source: Eurostat, BCR Research

Gross fixed capital formation



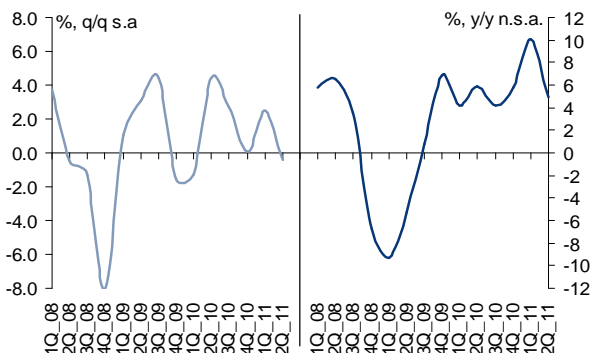
Source: Eurostat, BCR Research

Exports and imports of goods and services



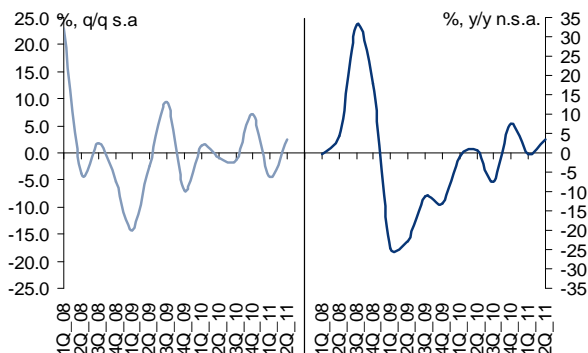
Source: Eurostat, BCR Research

Industry



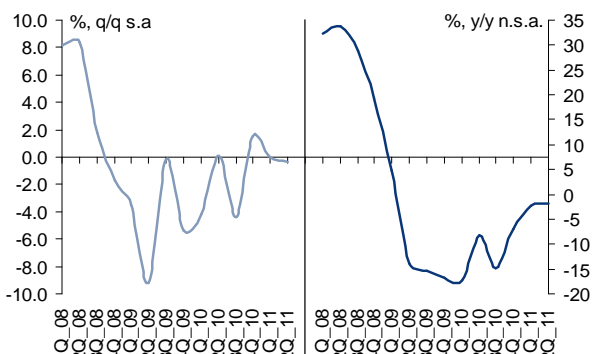
Source: Eurostat, BCR Research

Agriculture



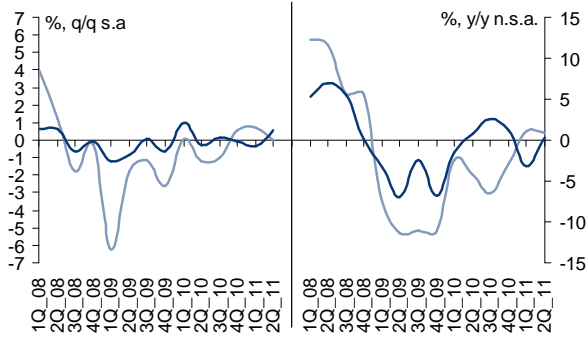
Source: Eurostat, BCR Research

Construction



Source: Eurostat, BCR Research

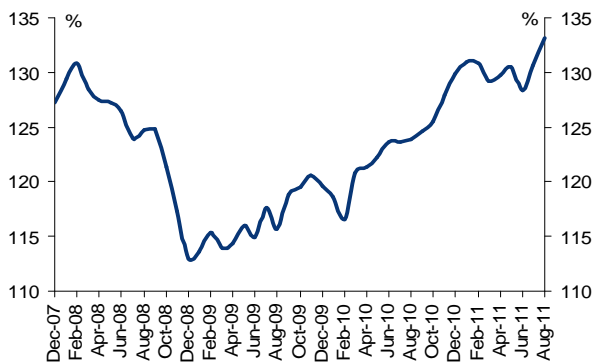
Trade, financial intermediation, real estate



Source: Eurostat, BCR Research

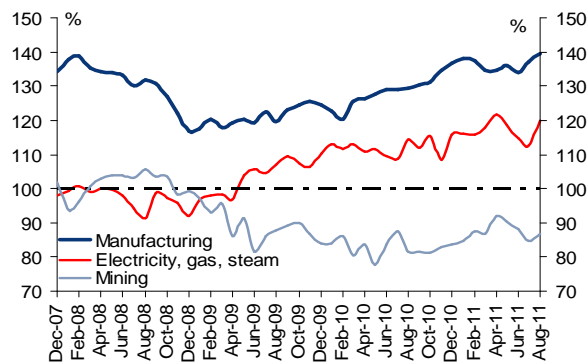
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Industry – %, real ch. 2005=100% (s.a.)



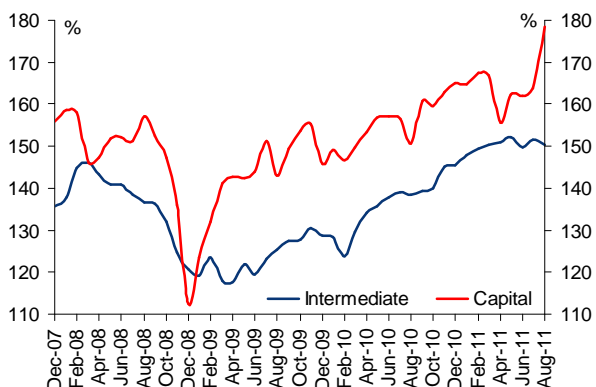
Source: Eurostat, BCR Research

Industry breakdown – %, real ch. 2005=100% (s.a.)



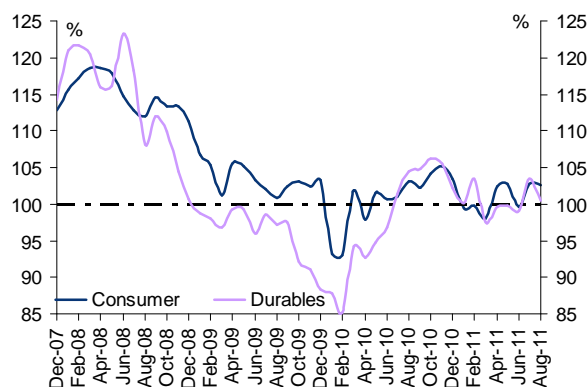
Source: Eurostat, BCR Research

Industry breakdown – %, real ch. 2005=100% (s.a.)



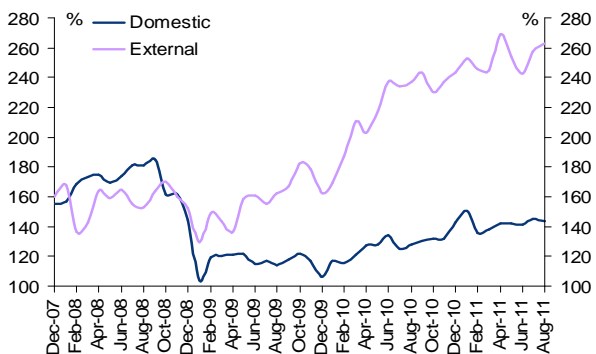
Source: Eurostat, BCR Research

Industry breakdown – %, real ch. 2005=100% (s.a.)



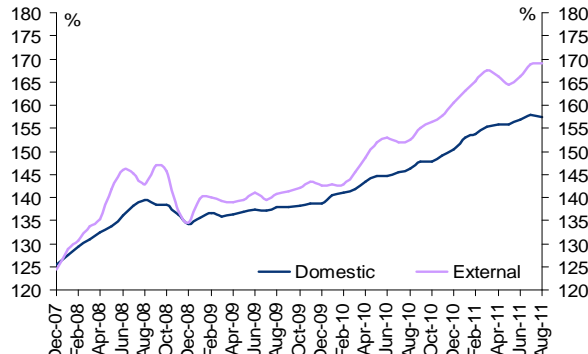
Source: Eurostat, BCR Research

New orders – %, change 2005=100% (s.a.)



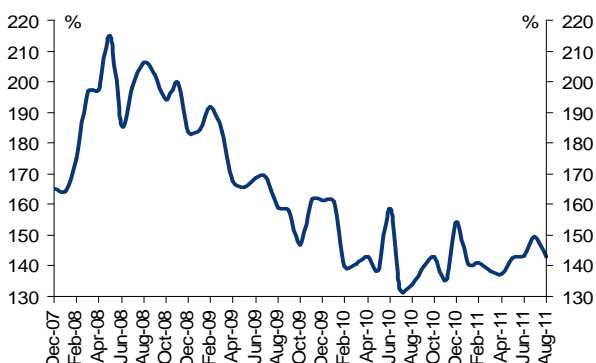
Source: Eurostat, BCR Research

IPPI – %, change 2005=100%



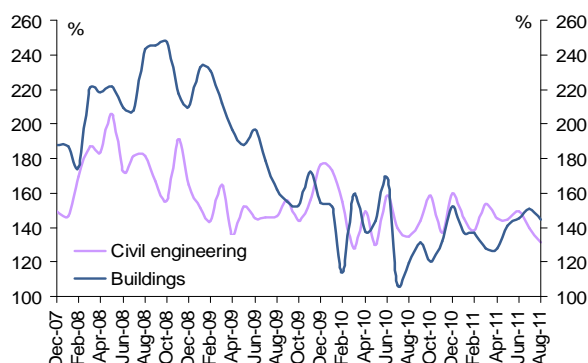
Source: Eurostat, BCR Research

Construction – %, real ch. 2005=100% (s.a.)



Source: Eurostat, BCR Research

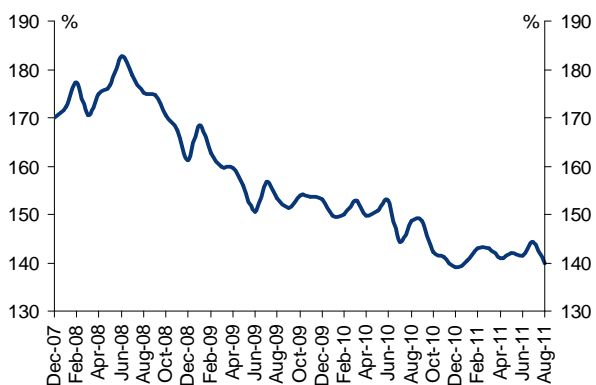
Construction breakdown – %, real ch. 2005=100% (s.a.)



Source: Eurostat, BCR Research

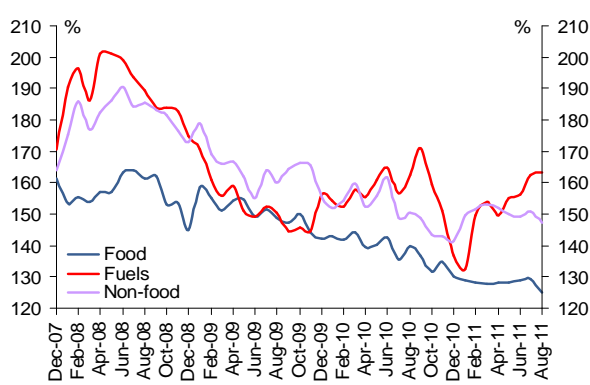
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Retail sales – %, real ch. 2005=100% (s.a.)



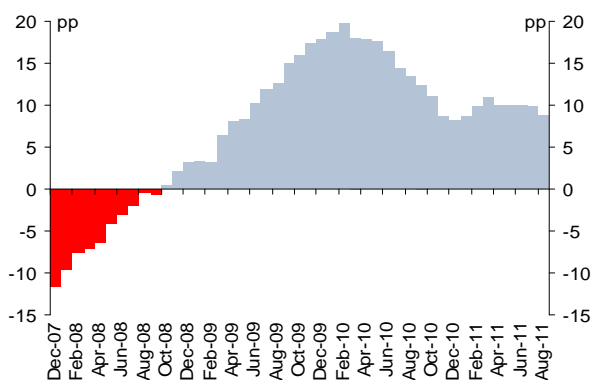
Source: Eurostat, BCR Research

Retail sales breakdown – %, real ch. 2005=100% (s.a.)



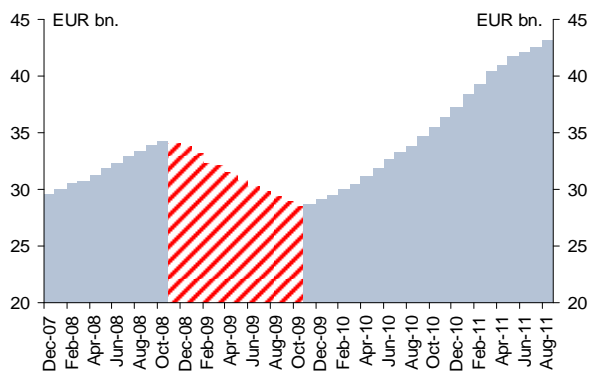
Source: Eurostat, BCR Research

Exports-Imports growth differential



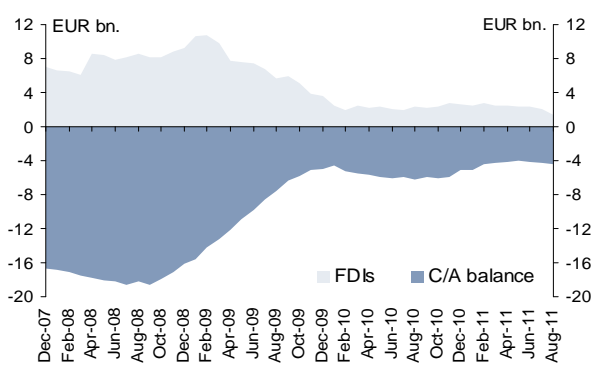
Source: NIS, BCR Research

Exports 12-month rolling



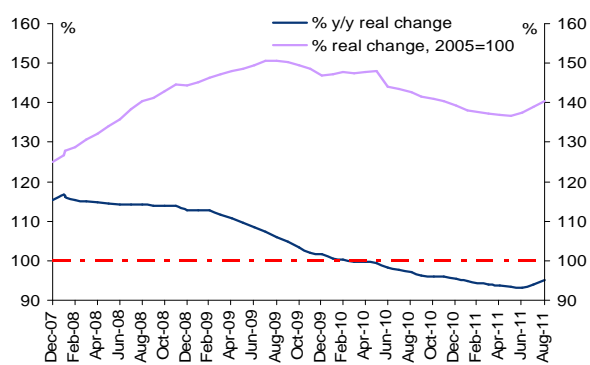
Source: NIS, BCR Research

C/A balance, trade balance and FDIs – 12m rolling



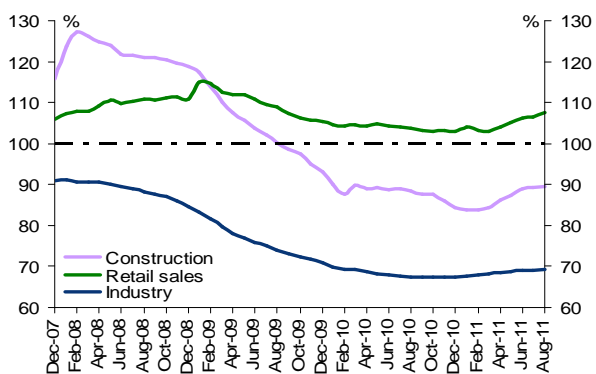
Source: Central Bank, BCR Research

Average net wage development



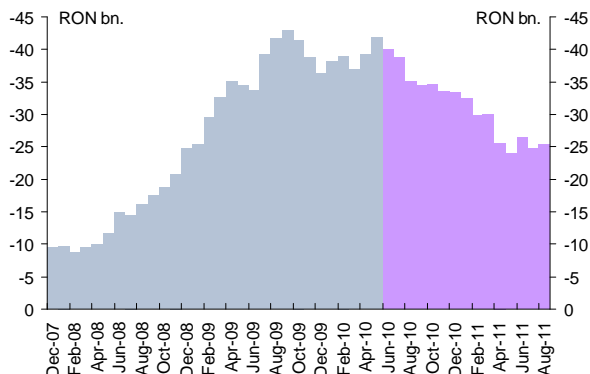
Note: 2005 average wage was RON 746 Source: NIS, BCR Research

Employment index – %, real ch. 2005=100% (s.a.)



Source: Eurostat

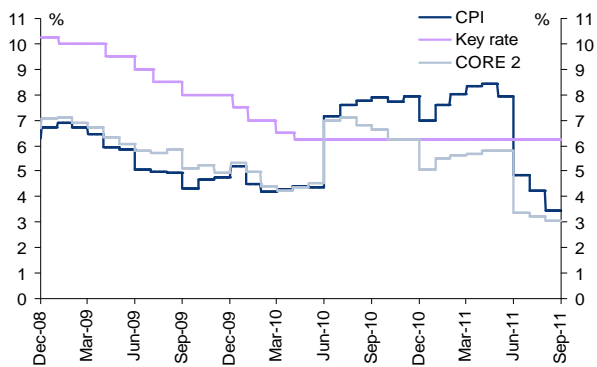
Fiscal deficit – 12m rolling (reversed scale)



Source: MinFin, BCR Research

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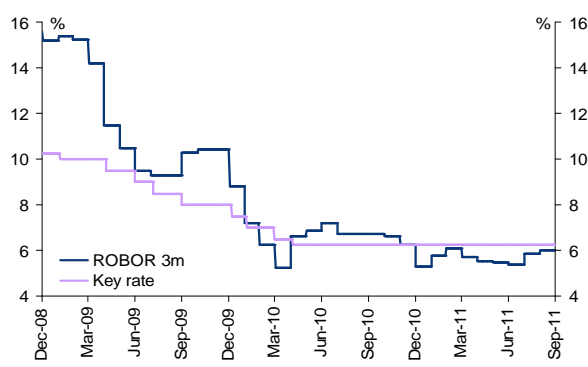
Key rate, headline and core inflation



* Not adjusted

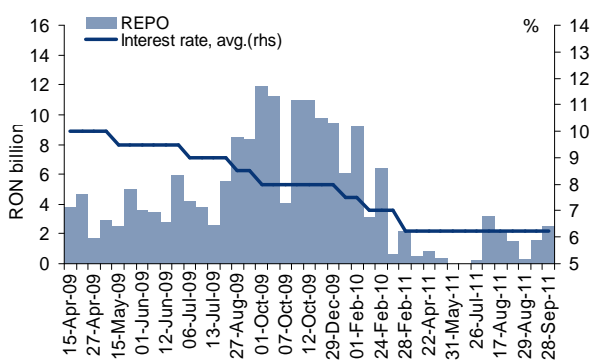
Source: NBR, BCR Research

Key rate and ROBOR – monthly average



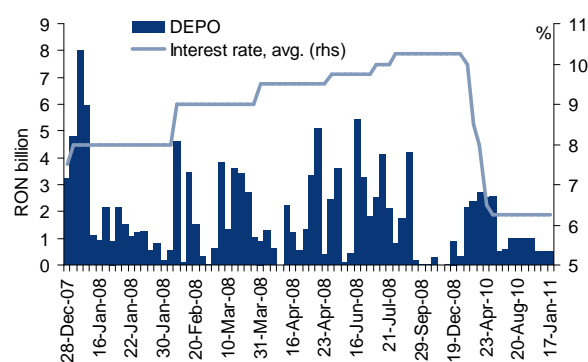
Source: NBR, BCR Research

REPO auctions



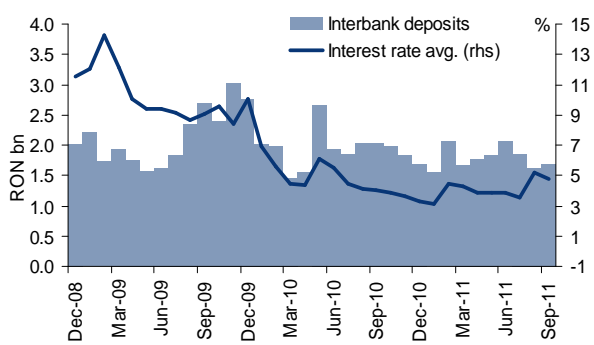
Source: NBR, BCR Research

Deposits auction



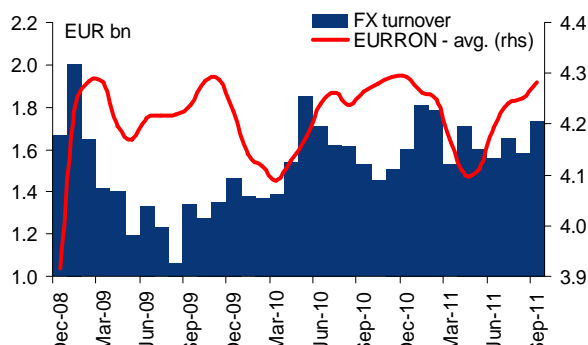
Source: NBR, BCR Research

Inter-bank deposits (daily avg. transactions)



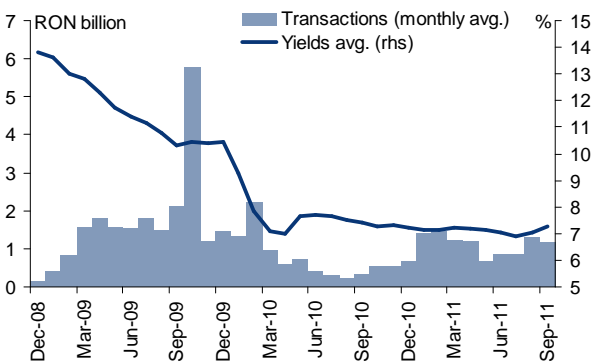
Source: NBR, BCR Research

FX turnover and EURRON average



Source: NBR, BCR Research

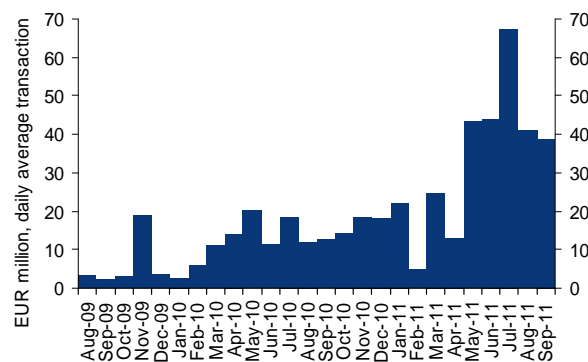
Gov. debt papers (RON denominated)*



* Secondary market

Source: NBR, BCR Research

Gov. debt papers (EUR denominated)*



* Secondary market

Source: NBR, BCR Research

Weekly Financial – Focus

Auction schedule for government debt in February 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bonds	3-Feb-11	7-Feb-11	25-Jul-13	6.25	800	775	7.11
T-bonds	3-Feb-11	7-Feb-11	30-Apr-15	6.00	500	500	7.16
T-bills	7-Feb-11	9-Feb-11	8-Feb-12	-	1,500	1,500	6.73
T-bills	14-Feb-11	16-Feb-11	17-Aug-11	-	600	600	6.55
T-bonds	17-Feb-11	21-Feb-11	11-Jun-17	6.75	500	284.1	7.35
T-bills	21-Feb-11	23-Feb-11	22-Feb-12	-	1,500	959	6.88

Auction schedule for government debt in March 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bonds	3-Mar-11	7-Mar-11	25-Jul-13	6.25	600	Scrapped	
T-bills	7-Mar-11	9-Mar-11	7-Mar-12	-	600	600	6.92
T-bills	14-Mar-11	16-Mar-11	14-Sep-11	-	1,000	1,000	6.85
T-bonds	17-Mar-11	21-Mar-11	30-Apr-15	6.00	400	317	7.35
T-bills	21-Mar-11	23-Mar-11	21-Mar-12	-	1,000	1,300	6.97
T-bonds	24-Mar-11	28-Mar-11	11-Jun-17	6.75	300	412	7.40

Auction schedule for government debt in April 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bills	4-Apr-11	6-Apr-11	4-Apr-12	-	1,000	1,754	6.88
T-bonds	7-Apr-11	11-Apr-11	25-Oct-14	6.25	500	500	7.29
T-bills	11-Apr-11	13-Apr-11	11-Apr-12	-	1,000	2,289	6.84
T-bonds	14-Apr-11	18-Apr-11	30-Apr-16	6.00	500	289	7.38
T-bills	18-Apr-11	20-Apr-11	19-Sep-11	-	1,000	1,214	6.32

Auction schedule for government debt in May 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bills	2-May-11	4-May-11	2-May-12	-	1,500	1,641	6.85
T-bonds (EUR denominated)	4-May-11	6-May-11	6-May-14	4.50	EUR 600mn	EUR 939mn	4.89
T-bonds	5-May-11	9-May-11	25-Oct-14	6.25	500	206	7.31
T-bills	9-May-11	11-May-11	9-May-12	-	1,000	1,000	6.89
T-bills	16-May-11	18-May-11	16-Nov-11	-	800	1,124	6.29
T-bonds	19-May-11	23-May-11	30-Apr-16	6.00	500	500	7.34
T-bonds	26-May-11	30-May-11	11-Jun-21	5.95	500	500	7.45

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Auction schedule for government debt in June 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bills	6-Jun-11	8-Jun-11	6-Jun-12	-	1,200	1,200	6.61
T-bonds	9-Jun-11	14-Jun-11	25-Oct-14	6.25	500	500	7.18
T-bonds	16-Jun-11	20-Jun-11	30-Apr-16	6.00	600	330	7.34
T-bills	20-Jun-11	22-Jun-11	20-Jun-12	-	1,400	1,400	6.65
T-bonds	23-Jun-11	27-Jun-11	11-Jun-21	5.95	600	294	7.47

Auction schedule for government debt in July 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bills	4-Jul-11	6-Jul-11	4-Jul-12	-	850	850	6.37
T-bonds	7-Jul-11	11-Jul-11	25-Oct-14	6.25	500	703	7.09
T-bills	11-Jul-11	13-Jul-11	11-Jul-12	-	900	900	6.19
T-bonds	14-Jul-11	18-Jul-11	30-Apr-16	6.00	500	500	7.30
T-bills	18-Jul-11	20-Jul-11	18-Jul-12	-	900	900	6.18
T-bonds	21-Jul-11	25-Jul-11	11-Jun-21	5.95	350	388	7.46
T-bonds	27-Jul-11	29-Jul-11	29-Jul-15	4.70	EUR 600mn	463	4.85

Auction schedule for government debt in August 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bonds	4-Aug-11	8-Aug-11	30-Apr-16	6.00	700	372	7.35
T-bills	8-Aug-11	10-Aug-11	8-Aug-12	-	700	700	6.34
T-bills	16-Aug-11	18-Aug-11	16-Aug-12	-	700	700	6.64
T-bonds	18-Aug-11	22-Aug-11	25-Oct-14	6.25	600	600	7.34
T-bills	22-Aug-11	24-Aug-11	22-Aug-12	-	900	Scrapped	
T-bonds	25-Aug-11	29-Aug-11	11-Jun-21	5.95	400	226.5	7.59

Auction schedule for government debt in September 2011

Debt instrument	Auction date	Issue date	Maturity	Coupon %	Amount planned RON mn	Amount raised RON mn	Yields avg. %
T-bonds	1-Sep-11	5-Sep-11	30-Apr-16	6.00	500	Scrapped	
T-bills	5-Sep-11	7-Sep-11	5-Sep-12	-	1,000	1,000	6.73
T-bills	12-Sep-11	14-Sep-11	12-Sep-12	-	1,200	1,200	6.76
T-bonds	15-Sep-11	19-Sep-11	25-Oct-14	6.25	700	180	7.49
T-bills	19-Sep-11	21-Sep-11	25-Jun-12	-	500	657	6.74
T-bonds	22-Sep-11	26-Sep-11	11-Jun-21	5.95	400	98.4	7.65
T-bills	26-Sep-11	28-Sep-11	28-Mar-12	-	400	Scrapped	

Fund key facts & performance updated as of October 26, 2011

Fund	Return at 36 months (%)	Return at 12 months (%)	Return 6 months (%)	AUM (mil. RON)	No. Investors
MONEY MARKET FUNDS					
RAIFFEISEN RON PLUS	34.518	7.48	3.625	1447.8	31,194.0
BCR MONETAR	34.84	7.23	3.47	1,523.8	63,963
OTP COMODISRO	31.08	6.90	3.18	137.7	2,478
SIMFONIA 1	30.80	6.52	3.19	435.1	14,637
RAIFFEISEN RON FLEXI	-	-	-	93.0	463
BOND FUNDS					
BCR OBLIGATIUNI	35.18	7.98	3.87	1,203.4	36,845
CERTINVEST OBLIGATIUNI	37.77	7.76	3.75	15.0	392
BT OBLIGATIUNI	33.76	7.23	3.54	171.7	4,947
BRD OBLIGATIUNI	30.24	6.20	2.95	16.1	463
STABILO	22.24	6.19	2.64	20.6	1,243
DIVERSIFIED FUNDS (DEFENSIVE)					
CARPATICA GLOBAL	36.9	7.5	0.2	43.6	377
BT CLASIC	30.8	-0.7	-3.9	31.5	589
DIVERSIFIED FUNDS (BALANCED)					
OTP BALANSISRO (OBLIGATIUNI)	36.2	11.3	2.7	9.0	292
RAIFFEISEN BENEFIT	26.6	-5.3	-8.3	19.6	430
BCR DINAMIC	14.9	-5.7	-12.7	30.4	2,439
TRANSILVANIA	19.0	-6.8	-10.4	18.0	745
INTEGRO	3.9	-9.5	-13.6	14.1	11,330
DIVERSIFIED FUNDS (DYNAMIC)					
NAPOCA	1.6	-10.8	-15.4	8.4	1,282
CARPATICA STOCK	43.1	-13.6	-19.0	11.1	319
CERTINVEST DINAMIC	-15.7	-16.2	-19.7	7.9	1,455
DIVERSIFIED FUNDS (FLEXIBLE)					
BRD DIVERSO EUROPA	-	-4.5	-9.8	21.7	250
BRD ACTIUNI EUROPA	-	-13.8	-19.8	12.8	124
ZEPTEP ACTIUNI	-8.7	-18.6	-17.1	8.8	16
EQUITY FUNDS					
BCR EXPERT	13.9	-14.8	-21.9	10.6	1,040
BT INDEX ROTX	14.0	-19.6	-23.4	10.9	423
RAIFFEISEN PROSPER	18.8	-19.7	-19.2	23.2	1,014
KD MAXIMUS	4.5	-20.6	-22.9	29.4	775
OTP AVANTISRO	-14.8	-21.7	-23.2	7.7	243
RAIFFEISEN ROMANIA ACTIUNI	-2.8	-24.8	-24.3	12.6	472
BT MAXIM	-9.7	-30.4	-27.7	39.5	1,983
ACTIVE DINAMIC	-10.2	-33.7	-29.0	8.8	2003
ALTERNATIVE FUNDS					
RAIFFEISEN CONFORT (RON)	27.7	1.2	-1.7	19.0	648
BCR EUROPA AVANSAT (RON)	18.8	-1.0	-8.3	8.9	7
RAIFFEISEN CONFORT S2 (RON)	-	-2.8	-4.9	29.4	533
BRD EUROFOND (EUR)	-	5.1	2.0	60.2	1,561
RAIFFEISEN EURO PLUS (EUR)	-	4.0	2.0	238.5	9,443

Source: Erste Asset Management

Weekly Financial – Focus

Chief Economist Dr. Lucian Anghel +4 (021) 312 67 73/1020

Macro Research and Fixed Income

Dumitru Dulgheru +4 (021) 312 67 73/1025
Florin Eugen Sinca +4 (021) 312 67 73/1026
Dorina Cobîscan +4 (021) 312 67 73/1028

Capital Market Research

Mihai Iulian Căruntu +4 (021) 311 27 54/4816
Raluca Ungureanu +4 (021) 311 27 54/4842
Marina Spătaru

Erste Asset Management

Eduard Inizian – Institutional clients manager +40 372 269 920

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