

# Monthly Market Report

**Romania's GDP increased by 2.8% in the first quarter of 2021 as compared to the fourth quarter of 2020.**

**FSA No  
5/05.25.2021**

- In Romania, the annual inflation rate (CPI) was 3.24% in April 2021, up compared to the previous month (+3.05%).
- In Romania, the industrial production increased by 13.4% as gross series and by 13.1% as seasonally adjusted series in March 2021 compared to March 2020.
- In April 2021, local open-end investment funds recorded net inflows of EUR 65 million. Net inflows of bonds and fixed income instruments funds amounted to EUR 32 million, while the equity funds recorded net inflows of EUR 12 million.

According to flash estimate data published by Eurostat, in the first quarter of 2021, the **seasonally adjusted GDP** decreased by 0.6% in the euro area and by 0.4% in the EU compared to the previous quarter, as a result of containment measures imposed by states. These evolutions took place after the euro area and EU economies recorded the largest contractions in the second quarter of 2020 (-11.6% in the euro area and -11.2% in the EU), followed by robust economic recovery in the third quarter of 2020 (+12.5% in the euro area and +11.7% in the EU). Compared to the same period of the previous year, seasonally adjusted GDP fell by 1.8% in the euro area and by 1.7% in the EU in the first quarter of 2021.

Romania's GDP increased by 2.8% in the first quarter of 2021 as compared to the fourth quarter of 2020. Compared to the same period of the previous year, the gross domestic product decreased by 0.2% for the gross series and did not record any changes for the seasonally adjusted series.

The **National Commission for Strategy and Prognosis** revised up the **economic growth forecast** for 2021, to 5% (from 4.3% according to the preliminary winter forecast of NCSP), amid increasing activity in industry (+5,8%), agriculture (+14.8%), constructions (+6,1%) and services (+3.9%) compared to 2020.

## GDP development in 2019-2022

Country	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	T1 2021	European Commission		IMF	
												2021f	2022f	2021f	2022f
Euro area	1.6	1.3	1.4	1.0	1.3	-3.3	-14.6	-4.1	-4.9	-6.6	-1.8	4.3	4.4	4.4	3.8
Germany	1.1	0.1	0.8	0.4	0.6	-2.2	-11.2	-3.8	-3.3	-4.8	-3.0	3.4	4.1	3.6	3.4
Spain	2.2	2.1	1.8	1.7	2.0	-4.3	-21.6	-8.6	-8.9	-10.8	-4.3	5.9	6.8	6.4	4.7
France	1.8	1.8	1.6	0.8	1.5	-5.5	-18.6	-3.7	-4.8	-8.1	1.5	5.7	4.2	5.8	4.2
Italy	0.3	0.5	0.5	-0.1	0.3	-5.8	-18.1	-5.2	-6.6	-8.9	-1.4	4.2	4.4	4.2	3.6
Bulgaria	4.2	3.8	3.3	3.1	3.7	2.3	-8.6	-5.2	-3.8	-4.2		3.5	4.7	4.4	4.4
Croatia	4.1	2.5	2.6	2.4	2.9	1.1	-14.5	-10.2	-7.1	-8.0		5.0	6.1	4.7	5.0
Hungary	5.2	4.8	4.5	4.0	4.6	1.8	-13.4	-4.8	-4.1	-5.0		5.0	5.5	4.3	5.9
Poland	5.5	4.9	4.6	4.0	4.7	2.0	-7.9	-2.0	-2.7	-2.7		4.0	5.4	3.5	4.5
<b>Romania</b>	<b>5.2</b>	<b>4.2</b>	<b>3.4</b>	<b>3.7</b>	<b>4.1</b>	<b>2.8</b>	<b>-10.0</b>	<b>-5.5</b>	<b>-2.0</b>	<b>-3.9</b>	<b>0.0</b>	<b>5.1</b>	<b>4.9</b>	<b>6.0</b>	<b>4.8</b>

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Spring 2021 Economic Forecast, World Economic Outlook – April 2021, IMF

**In Romania, the annual inflation rate (CPI)** was 3.24% in April 2021, up compared to the previous month (+3.05%). The most significant contribution to the annual inflation rate came from the increasing prices of non-food goods (+5.21%), followed by services (+2,61%) and food goods (+0,76%). Calculated on the basis of the Harmonized Index of Consumer Prices (HICP), the annual rate was 2.7% in April 2021, up compared to the previous month (2.5%).

**In Romania, the industrial production** increased by 13.4% as gross series and by 13.1% as seasonally adjusted series in March 2021 compared to March 2020. The most significant increases were recorded by the production and supply of electricity and heat, gas, hot water and air conditioning and by manufacturing industry (+14.6% each), while the extractive industry decreased by -7.7% (gross series)

The **volume of construction works** increased in Romania by 2.2% as gross series, while it decreased by 0.9% as seasonally adjusted series in March 2021 compared to the similar period of the previous year. The most significant increase was registered by the volume of new construction works (+11.0%), while the most significant decreases were registered by the volume of capital repair works (-21.7%) and current maintenance and repair works (-12.0%). By construction objects, the gross series shows increases in the volume of residential buildings (+14.1%) and of engineering construction works (+1.1%), while non-residential buildings decreased by 4.9%.

**Turnover from market services provided mainly to enterprises** increased in Romania in March 2021 compared to the same period of the previous year by 9.9% as gross series and by 6.5% as seasonally adjusted series. The highest increase was registered by the information services and information technology (+22.5%), followed by the activities in film production, video, television programs, broadcasting and transmission of programs (+21.7%), transport activities (+8.7%), communications activities (+8.0%) and other services provided mainly to enterprises (+6.9%).

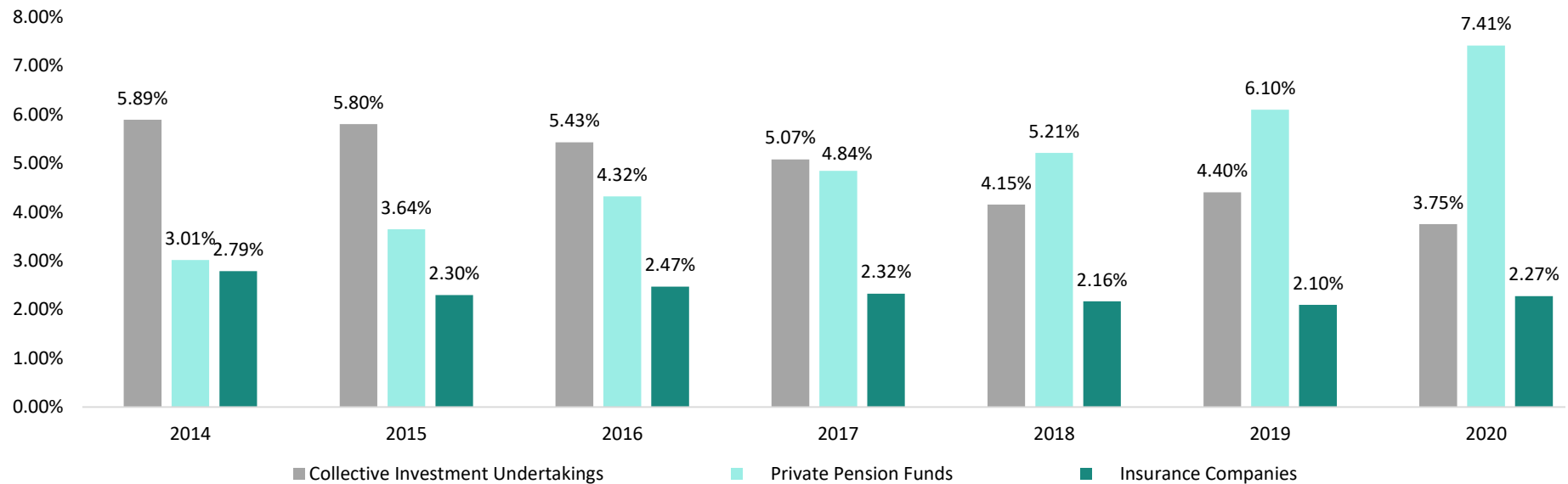
**Retail trade** (seasonally adjusted series) increased by 2.7% in the euro area and by 2.6% in the European Union in March 2021 compared to the previous month. Compared to the same period of the previous year, retail trade (seasonally adjusted series) increased by 12.0% in the euro area and by 11.6% in the EU in March 2021. **In Romania, the volume of retail trade turnover** increased in March 2021 by 9.1% as gross series and by 5.6% as a seasonally adjusted series compared to March 2020. The increase in the volume of retail trade turnover was due to the increases in the retail trade of sales of non-food products (+21.1%) and retail trade of automotive fuel in specialized stores (+9.9%). The sales of food, beverages and tobacco decreased by 2.1%.

## The size of the banking vs. non-banking financial sector

The assets of the Romanian banking and non-banking financial markets (% of GDP)

	2014	2015	2016	2017	2018	2019	2020
<b>Banking financial system (% GDP)</b>	<b>60.53%</b>	<b>58.59%</b>	<b>56.18%</b>	<b>53.62%</b>	<b>51.09%</b>	<b>50.41%</b>	<b>57.60%</b>
<b>Non-banking financial system (% GDP)</b>	<b>11.69%</b>	<b>11.74%</b>	<b>12.21%</b>	<b>12.24%</b>	<b>11.53%</b>	<b>12.59%</b>	<b>13.43%</b>
Collective Investment Undertakings	5.89%	5.80%	5.43%	5.07%	4.15%	4.40%	3.75%
Private Pension Funds	3.01%	3.64%	4.32%	4.84%	5.21%	6.10%	7.41%
Insurance Companies	2.79%	2.30%	2.47%	2.32%	2.16%	2.10%	2.27%

Evolution of nonbanking system's assets (% of GDP)



Source: NBR, NIS, FSA

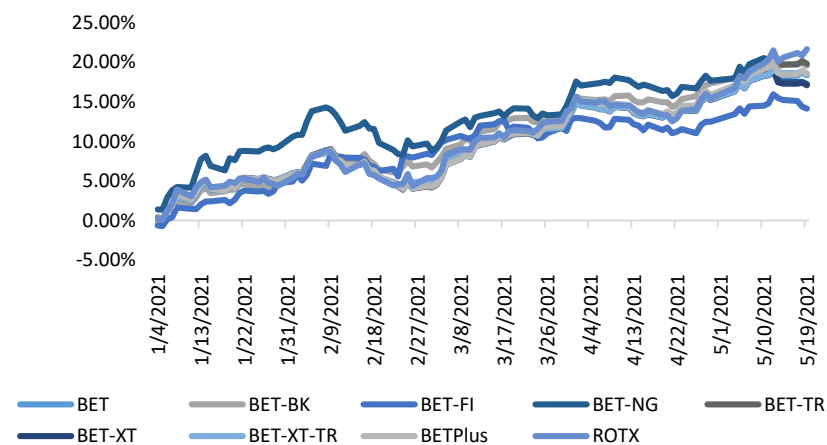
## Current trends and headlights on Romanian markets

### Romanian stock indices evolution in 2021 (30.12.2020 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
5/19/2021	18.38%	19.58%	14.17%	17.26%	19.83%

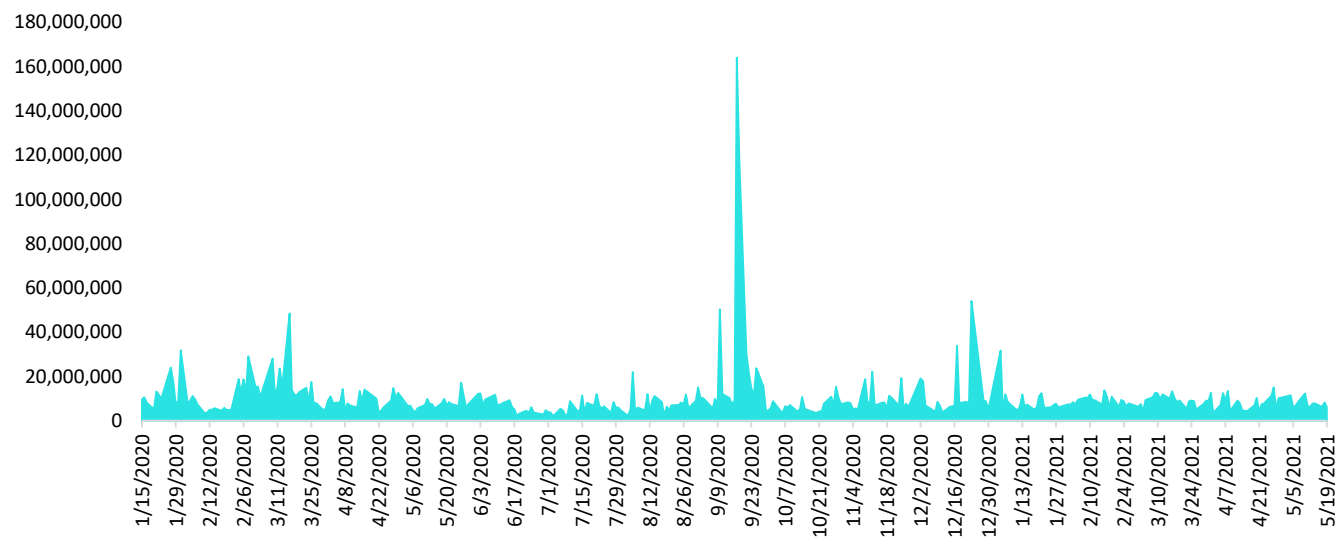
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
5/19/2021	17.11%	18.57%	18.58%	21.69%

### Evolution of local stock indices



Source: BSE; FSA calculations

### Equities traded value on BSE (EUR)



## Macroeconomic background in Romania: development of the real sector, inflation and labor market

**Evolution of government debt (% of GDP)**

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	
Italy	134.4	136.0	137.4	136.7	134.6	137.8	149.5	154.5	155.8
France	98.1	99.2	99.1	100.0	98.1	101.3	113.9	116.4	116.3
Spain	97.4	98.4	98.4	97.5	95.5	99.1	110.2	114.0	120.0
Euro zone	85.8	86.3	86.1	85.8	84.0	86.2	95	97.3	98.1
EU	79.5	79.9	79.7	79.2	77.6	79.4	87.7	89.8	90.8
Hungary	69.1	68.4	67.2	67.2	65.5	65.8	70.3	73.9	80.4
Germany	61.8	61.6	61.1	61.0	59.7	60.9	67.3	70.0	69.8
Poland	48.8	48.9	47.7	47	45.7	47.6	54.8	56.6	57.6
<b>Romania</b>	<b>34.7</b>	<b>33.8</b>	<b>33.8</b>	<b>35.2</b>	<b>35.3</b>	<b>37.4</b>	<b>40.7</b>	<b>43.1</b>	<b>47.3</b>
Bulgaria	22.3	20.9	20.3	20.5	20.2	20.1	21.3	25.3	25.0

Source: Eurostat

The government debt-to-GDP ratio in the euro area was 98.1% in the fourth quarter of 2020, increasing compared to the level recorded in the fourth quarter of 2019 (84.0%). There is significant heterogeneity in debt level, the share of public debt to GDP ranging from 18.2% (Estonia) to 205.6% (Greece).

Romania is among the EU member states with a low level of indebtedness (47.3%), below the EU average level of 90.8% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 1.5 billion in January-March 2021 (compared with EUR -399 million in the same period of the previous year).

On the other hand, the current account of the balance of payments registered a deficit of EUR 2.5 billion in the first three months of 2021, compared to EUR 990 million in the same period of the previous year.

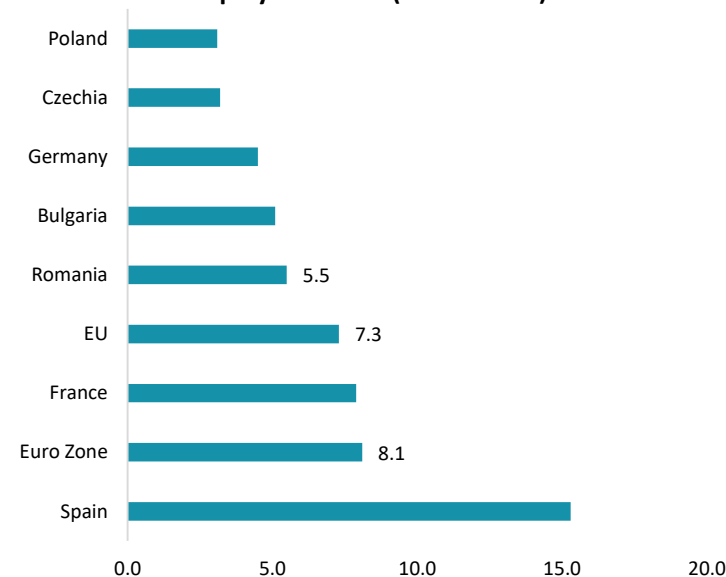
The evolution of the current account was accompanied by a decrease in total external debt by EUR 2.30 billion in January - March 2021 to EUR 124 billion.

The seasonally adjusted unemployment rate in the euro area was 8.1%, while the EU unemployment rate was 7.3% in March 2021, down 0.2 pp compared to previous month in both the euro area and the EU.

The seasonally adjusted unemployment rate in Romania was 5.5% in March 2021, down by 0.2 pp from the previous month (5.7%), according to data published by NIS.

At local level, the unemployment rate among men (5.7%) is higher than the unemployment rate for women (5.2%).

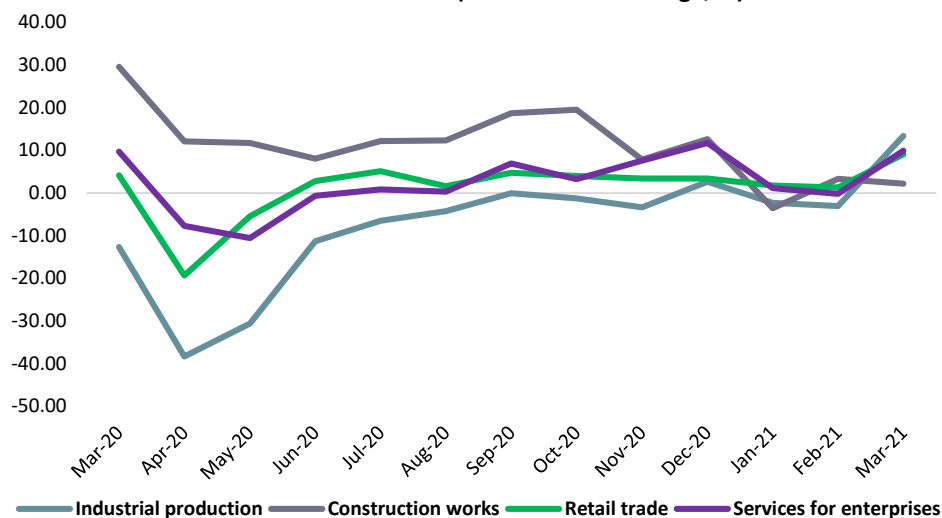
**Unemployment rate (March 2021)**



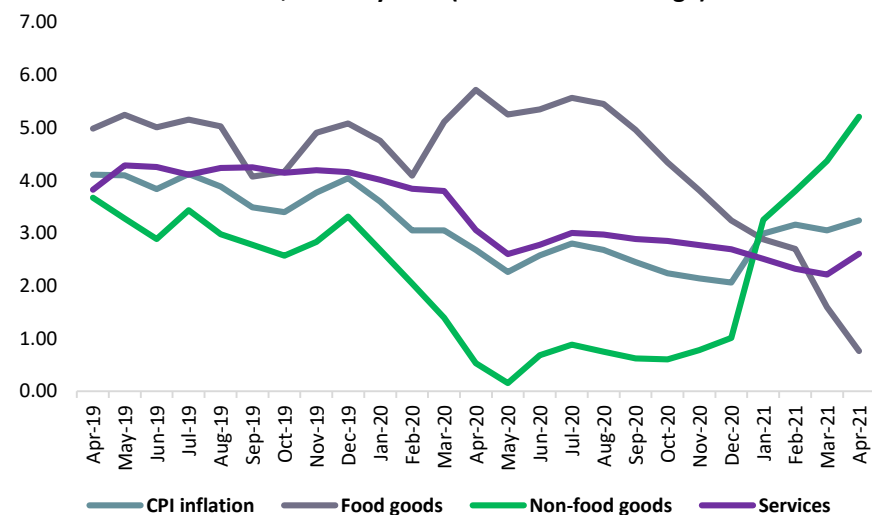
Source: Eurostat

## Macroeconomic background in Romania: development of the real sector, inflation and labor market

Main sector indicators (annual rate of change, %)

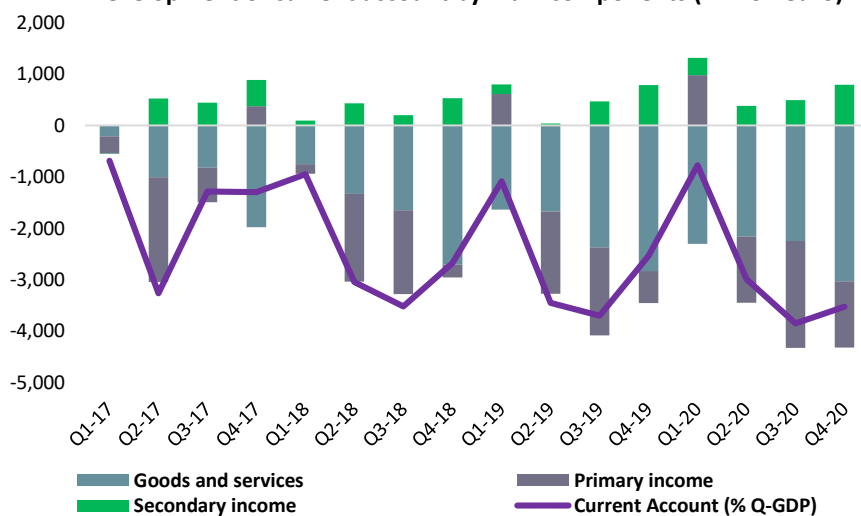


Inflation, monthly data (annual rate of change)



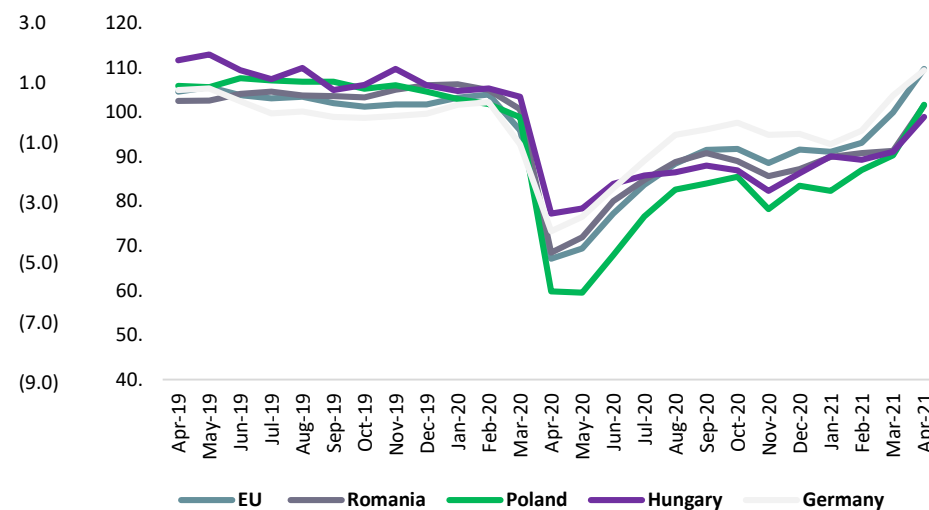
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

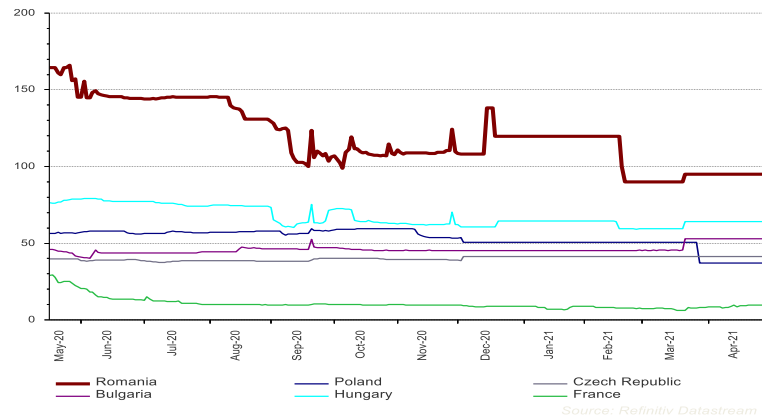
The economic sentiment index in EU



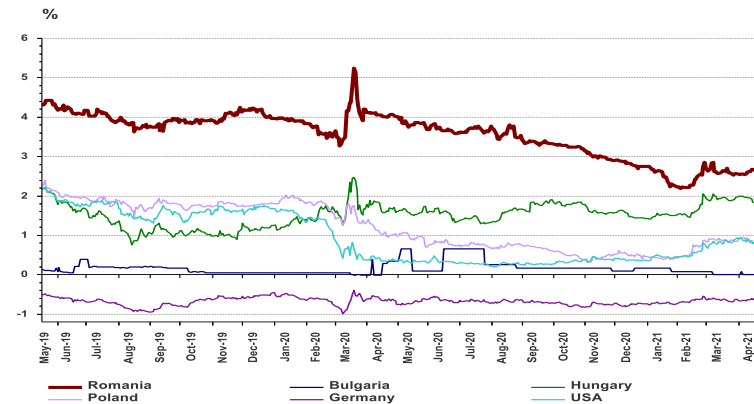
Source: Eurostat

## Macroeconomic risk in Romania: external position and market perception of sovereign risk

Evolution of Credit Default Swaps quotations (5Y, USD)



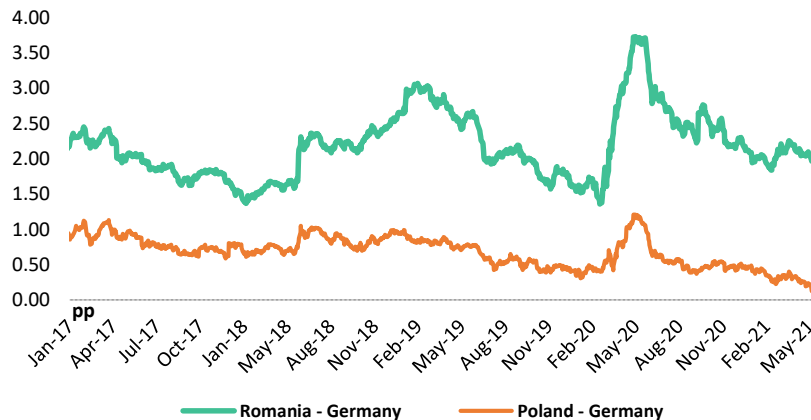
Government bond yields (5Y, LC)



Source: Datastream

Romania 5 - year bond yields decreased by 1.7% in April 2021 as compared with the previous month, reaching an average value of 2.58%, while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.62% in April 2021).

Government bond yields spread of Romania (10Y, LC)



Source: Datastream, FSA's calculations

Romania CDS quotations increased by 3.6% in April 2021 compared with the previous month, reaching an average value of 95.1 bp. French CDS quotations increased by 22% to an average value of 9.07 bp.

At the end of December 2020, there is a decrease in the spread between Romanian and German government bonds (10Y), but it starts to be on an upward trend since January 2021. In April - May 2021 it decreased slightly which can also be interpreted as an improvement in investors' confidence in Romania's country rating.



## Market risk: evolution of local and international stock indices at the end of April 2021

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	1.85%	12.33%	32.04%
FR (CAC 40)	3.33%	16.12%	36.46%
DE (DAX)	0.85%	12.68%	30.97%
IT (FTSE MIB)	-2.06%	11.91%	34.54%
GR (ASE)	5.24%	21.47%	59.85%
IE (ISEQ)	0.11%	14.84%	25.91%
ES (IBEX)	2.74%	13.63%	36.62%
UK (FTSE 100)	3.82%	8.78%	24.97%
US (DJIA)	2.71%	12.98%	27.82%
IN (NIFTY 50)	-0.41%	7.31%	25.67%
SHG (SSEA)	0.14%	-1.04%	6.90%
JPN (N225)	-1.25%	4.15%	25.40%

The European indices have recorded positive developments (1M), except for FTSE MIB index (IT: -2.06%). The most significant increase was recorded by ASE index (GR: +5.24%), followed by FTSE 100 index (UK: +3.82%).

The main American and Asian indices showed mixed evolutions. Therefore, the most significant increase was registered by DJIA index (US: + 2.71%), while the most significant decrease was registered by N225 index (JPN: -1.25%).

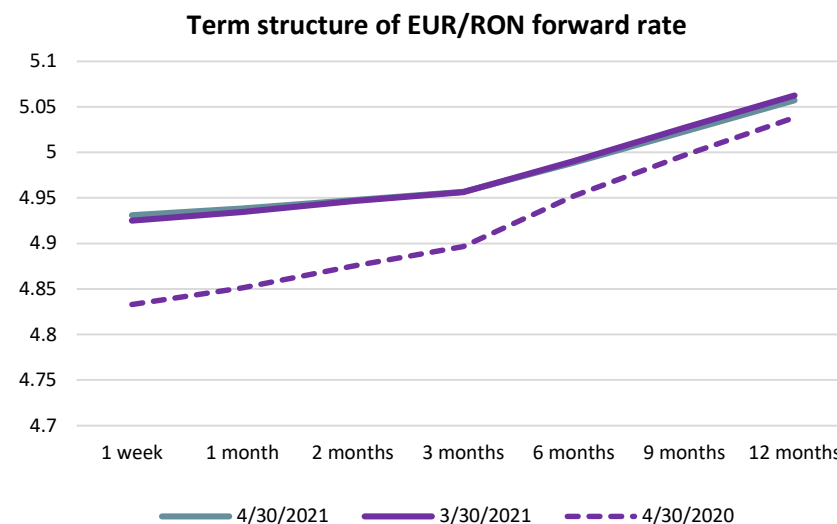
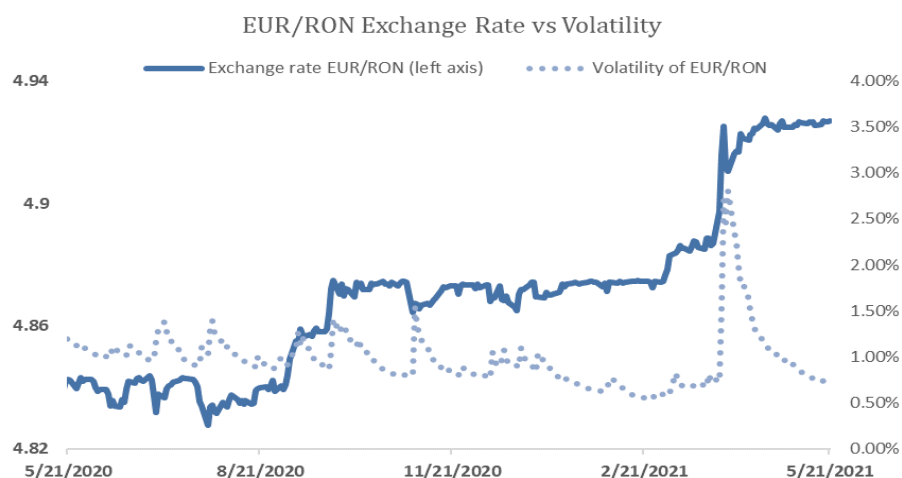
BSE indices	1 M	3 M	6 M
BET	1.36%	10.05%	33.27%
BET-BK	2.28%	11.98%	35.23%
BET-FI	-0.31%	7.40%	24.02%
BET-NG	1.51%	7.69%	29.78%
BET-TR	1.36%	10.10%	33.51%
BET-XT	1.40%	9.55%	31.86%
BET-XT-TR	1.40%	9.60%	32.07%
BETplus	1.54%	10.33%	33.22%
ROTX	1.13%	10.55%	38.72%

The BSE stock indices have recorded positive developments (1M), except for BET-FI index (-0.31%). The registered increases were between 2.28% (BET-BK index) and 1.13% (ROTX index).

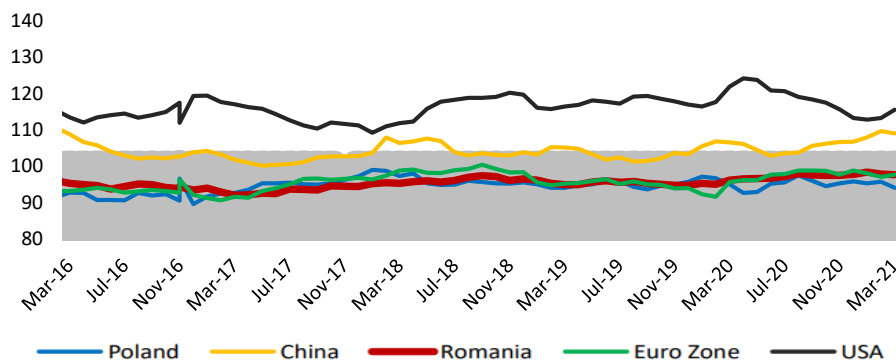
Source: Datastream, FSA's calculations

Note: 1M=04/30/2021 vs. 03/31/2021; 3M=04/30/2021 vs. 01/29/2021; 6M=04/30/2021 vs. 10/30/2020

## Market risk: volatility of Romanian government bond yields and the EURRON currency rate



### Real effective exchange rate (REER; 2014=100) Estimate (>100)



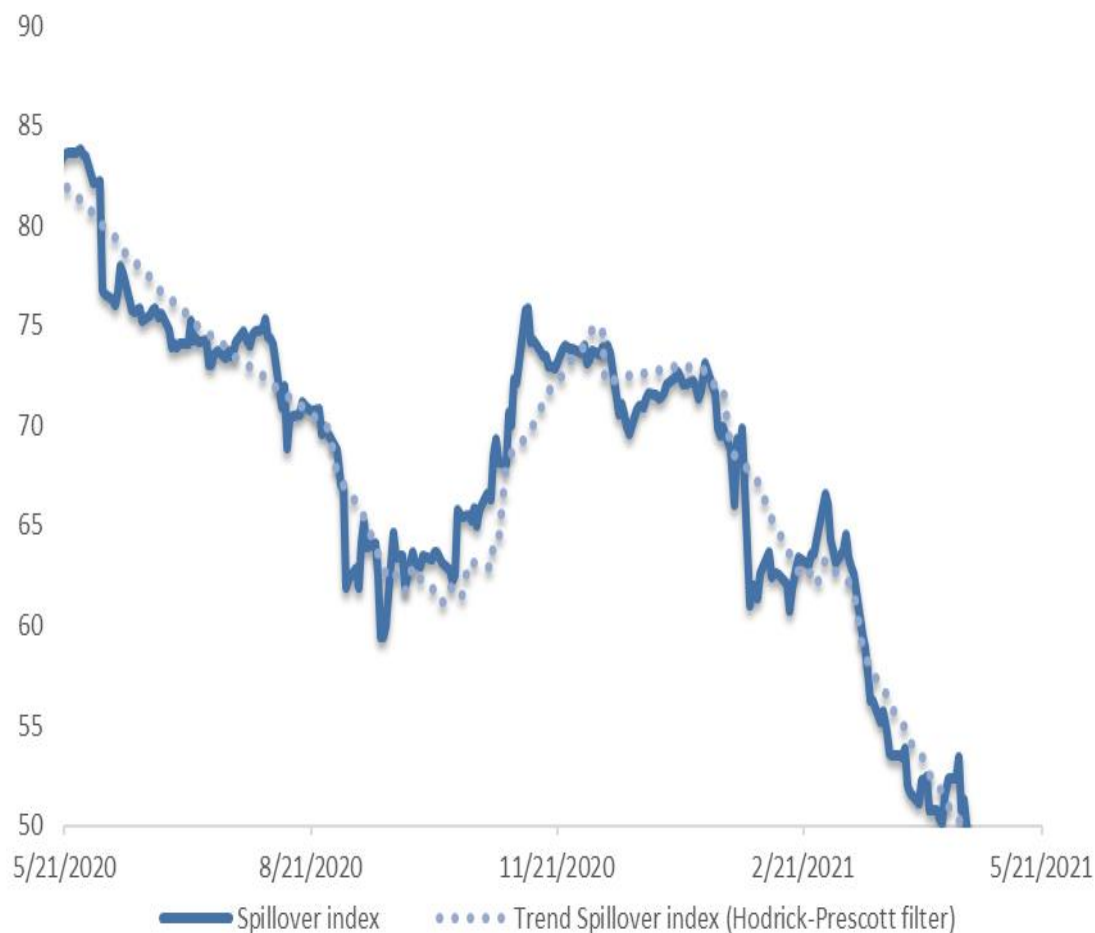
Source: BIS, FSA's calculations

We forecast that the depreciation trend will continue but its volatility will remain low, as the Romanian Central Bank maintained the monetary interest rate to 1.25% in May 2021 to manage the crisis and interbank liquidity, to avoid any speculative attack on the currency.

With inflation rising above the European average, the exchange rate started to depreciate in the first quarter and reached 4.92 eur/ ron.

The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON depreciation for maturities between 6 and 12 months with respect to the previous month (RON appreciation).

## Contagion risk



Source: Refinitiv, FSA's calculations

The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link between the spillover effect and the companies' returns, since the increase in the spillover tends to diminish the returns of the companies listed on the Bucharest Stock Exchange.

The contagion has increased in February and March 2020 due to the outbreak of the COVID-19 pandemic and the uncertainty of the financial markets. In that period, **the speed of the contagion was the greatest in the last 10 years**, indicating how fast fear and uncertainty have impaired the financial stability of international markets.

Starting January 2021, the spillover trended downward mainly due to the vaccination program across European countries. The program eased the market uncertainty and generated a climate of exuberance on most European stockmarkets which exhibited a very fast growing trend.

## Liquidity indicators on Romanian Stock Exchanges

### The BSE Trading Activity (all the Segments) during April 2021

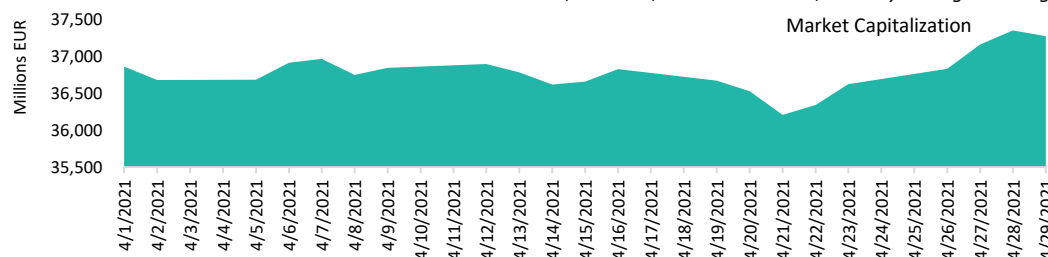
Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 01-02 April 2021</b>	9,830	56,725,421	16,111,425	9.46%
<b>Total 05-09 April 2021</b>	27,377	469,073,871	46,229,339	27.15%
<b>Total 12-16 April 2021</b>	20,329	140,844,749	30,306,572	17.80%
<b>Total 19-23 April 2021</b>	19,379	144,374,716	36,104,477	21.21%
<b>Total 26-30 April 2021</b>	16,667	137,597,789	41,504,128	24.38%
<b>Total April 2021</b>	<b>93,582</b>	<b>948,616,546</b>	<b>170,255,941</b>	<b>100.00%</b>

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for April 2021 = 4.9221 LEI/EUR

### The BSE's Most Traded Companies during April 2021 (Only the Main Segment)

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
FP	23,947,636	20.08%	518,072	2.13%	24,465,708	17.03%
TLV	18,885,409	15.83%	4,875,968	20.03%	23,761,377	16.54%
SNP	14,619,475	12.26%	0	0.00%	14,619,475	10.18%
SNG	11,745,355	9.85%	2,067,512	8.49%	13,812,866	9.62%
M	2,890,755	2.42%	7,836,086	32.19%	10,726,841	7.47%
EVER	744,530	0.62%	4,904,411	20.15%	5,648,941	3.93%
TRP	5,343,917	4.48%	0	0.00%	5,343,917	3.72%
SNN	5,287,233	4.43%	0	0.00%	5,287,233	3.68%
BRD	4,548,334	3.81%	0	0.00%	4,548,334	3.17%
BRK	3,618,532	3.03%	0	0.00%	3,618,532	2.52%
EL	3,422,799	2.87%	0	0.00%	3,422,799	2.38%
ATB	402,856	0.34%	2,741,654	11.26%	3,144,510	2.19%
WINE	3,123,695	2.62%	0	0.00%	3,123,695	2.17%
ALR	2,793,744	2.34%	0	0.00%	2,793,744	1.95%
COTE	2,100,977	1.76%	415,676	1.71%	2,516,653	1.75%
<b>Top 15 Total</b>					<b>88.31%</b>	

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for April 2021 = 4.9221 LEI/EUR



Source: BSE

### Top of intermediaries during April 2021

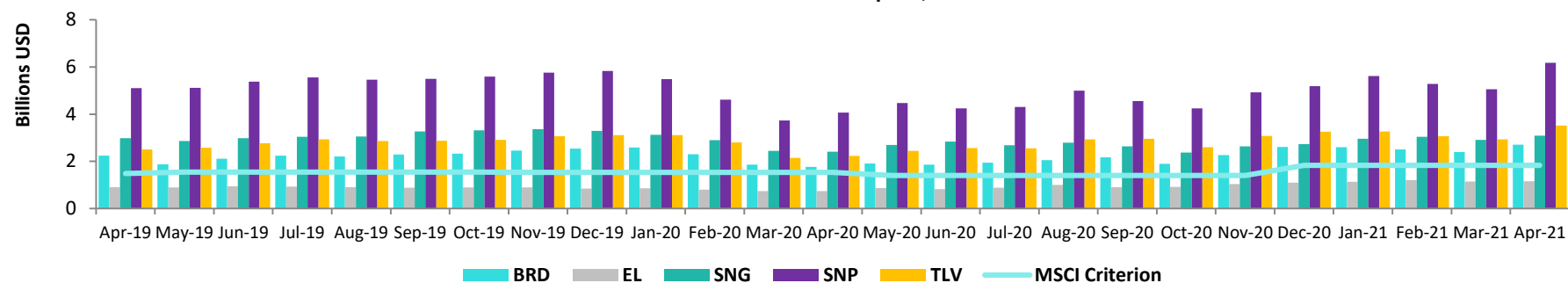
Ran k	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	98,238,828	34.11
2	BANCA COMERCIALA ROMANA	46,804,392	16.25
3	BT CAPITAL PARTNERS	29,803,163	10.35
4	SSIF BRK FINANCIAL GROUP S.A.	25,510,323	8.86
5	TRADEVILLE	23,055,096	8
6	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	16,394,106	5.69
7	RAIFFEISEN CENTROBANK AG	7,877,888	2.73
8	BRD Groupe Societe Generale	7,366,289	2.56
9	IFB FINWEST	6,122,550	2.13
10	GOLDRING	5,395,993	1.87
11	PRIME TRANSACTION	5,180,709	1.8
12	ESTINVEST	4,662,930	1.62
13	CONCORDE SECURITIES LTD	4,013,113	1.39
14	INTERFINBROK CORPORATION	2,063,838	0.72
15	Alpha Bank Romania SA	1,750,728	0.61
<b>Top 15 Total</b>			<b>98.69</b>

**The market capitalization** registered an increase of 19% at the end of April 2021 compared to the end of 2020 and an increase of 1.44% compared to the end of 2019.

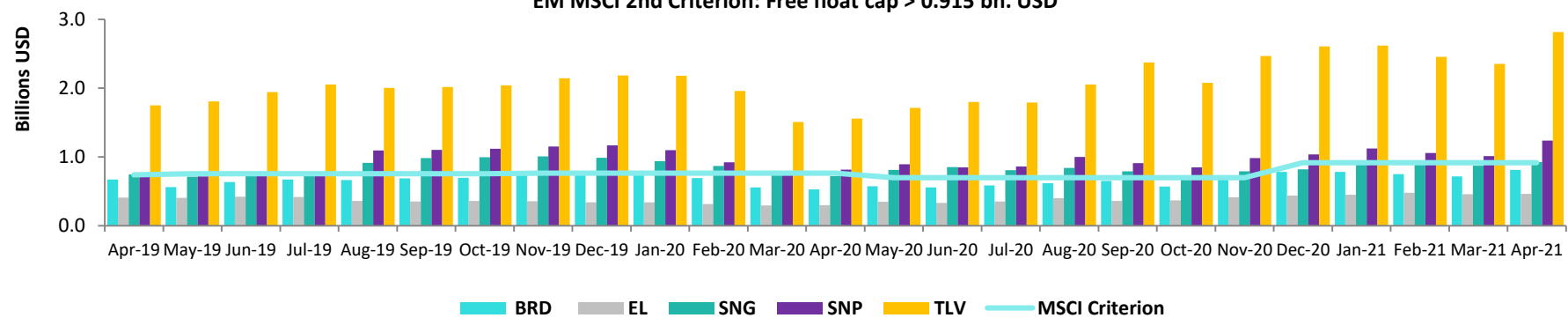
In April 2021, the first 3 companies traded on BVB were Fondul Proprietatea (FP) with a share of 17.03% of the total value traded in that period, Banca Transilvania (TLV: 16.54%) and OMV PETROM (SNP: 10.18%).

## MSCI: Quantitative Indicators for Emerging Market Status

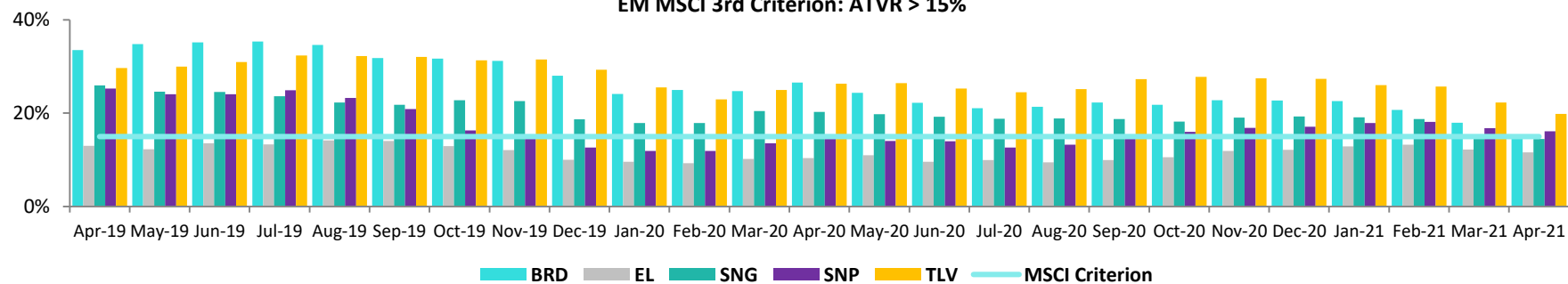
EM MSCI 1st Criterion: Market cap > 1,830 bn. USD



EM MSCI 2nd Criterion: Free float cap > 0.915 bn. USD

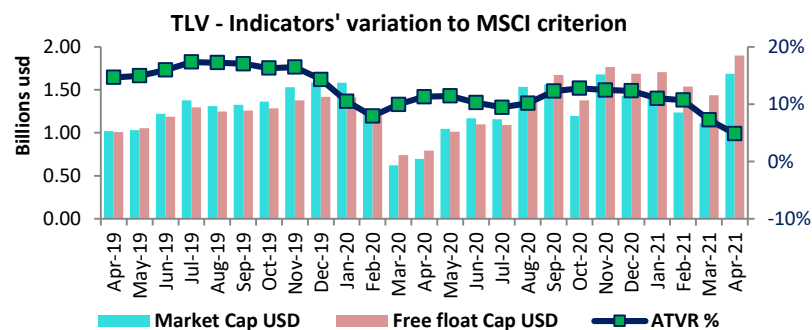
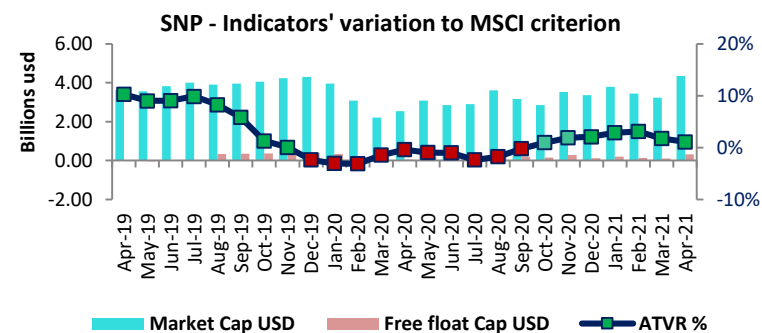
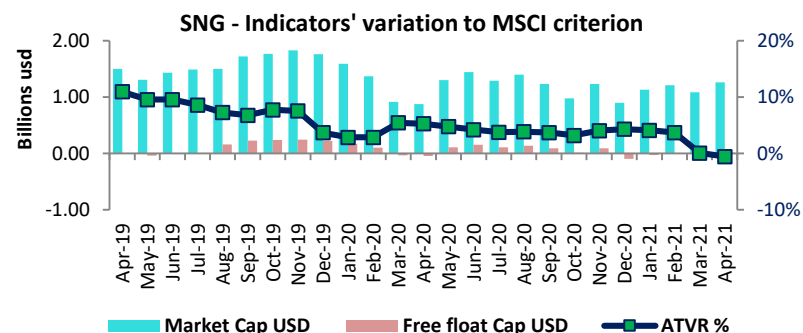
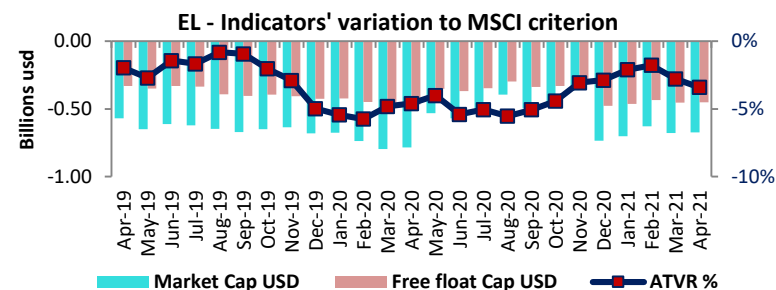
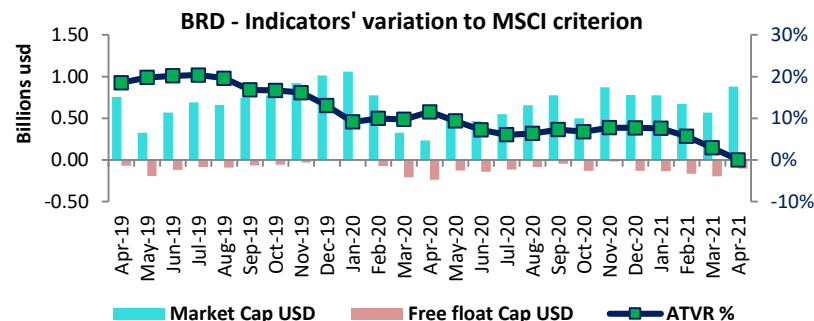


EM MSCI 3rd Criterion: ATVR > 15%



Source: FSA's calculations, March 2021

## MSCI: Quantitative Indicators for Emerging Market Status



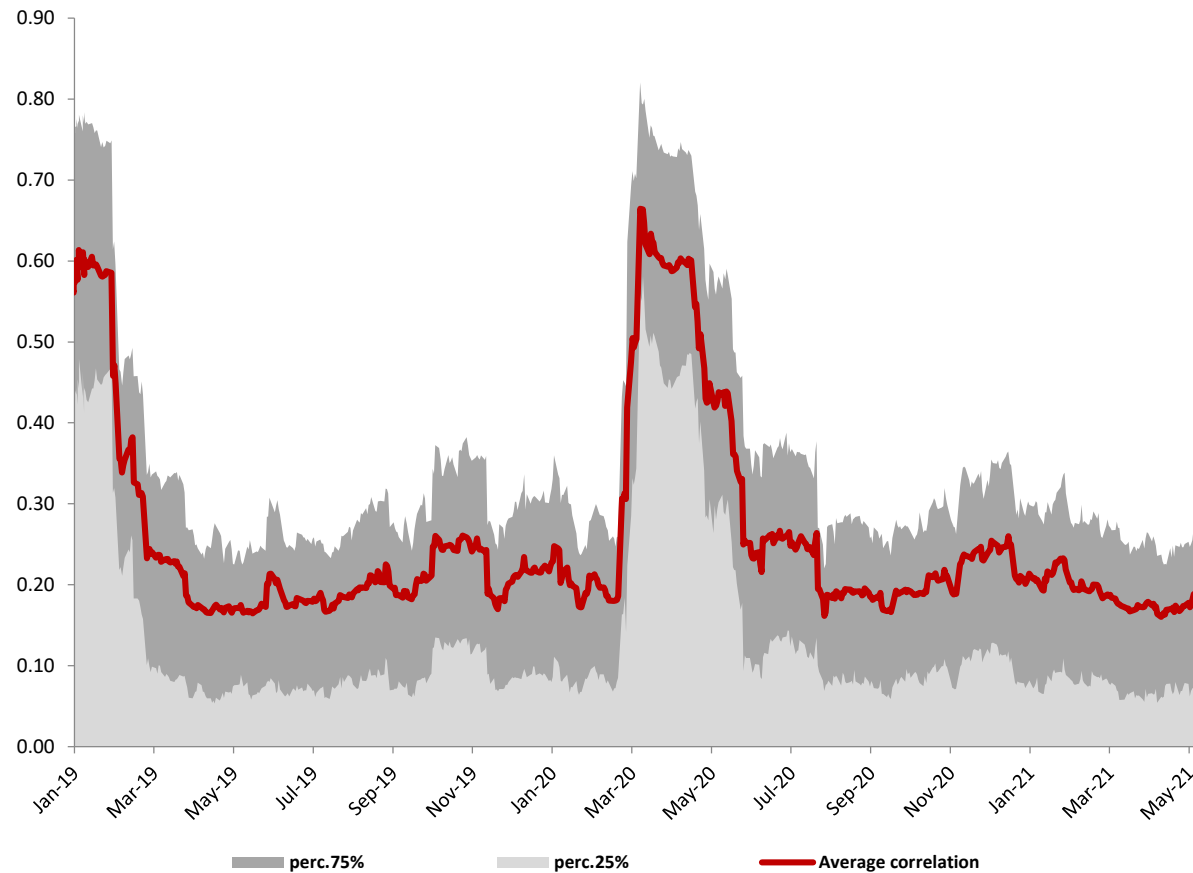
Indicators' variation to MSCI criterion (April 2021)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0,88	-0,10	0,04%
EL	-0,67	-0,45	-3,41%
SNG	1,26	0,01	-0,54%
SNP	4,35	0,32	1,10%
TLV	1,69	1,90	4,84%

Source: FSA's calculations, April 2021

## Risk assessment and the benefit of diversification

The average correlation coefficient for the 25 most liquid companies traded on BSE



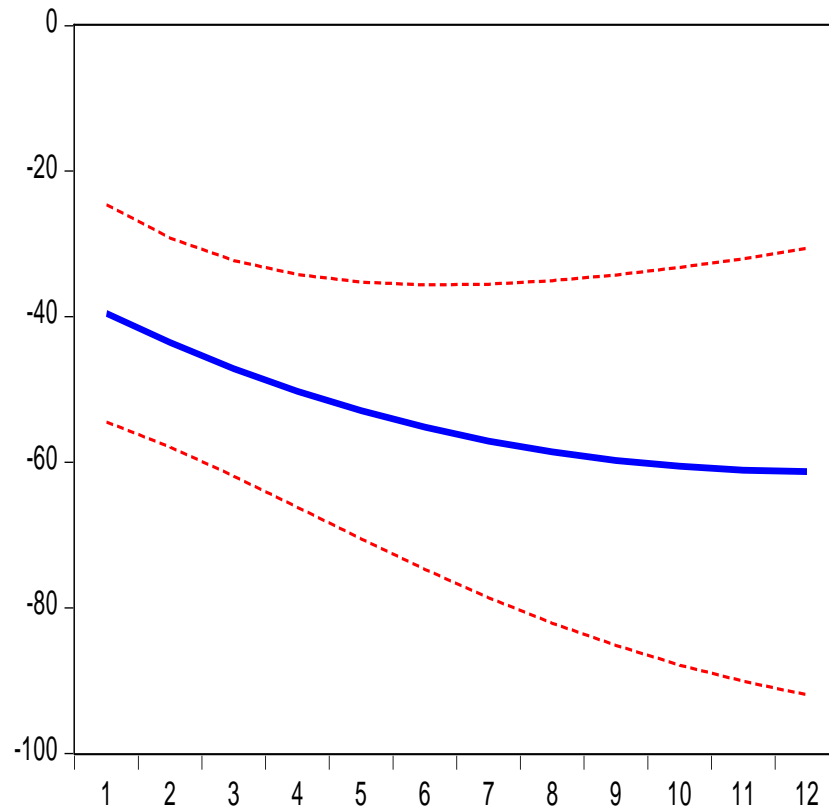
Source: Bloomberg, ASF

At the end of July 2021, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange decreased and returned to the level recorded at the beginning of 2020. In April - May 2021 it is marked by a decrease in the correlations between the shares.

Adverse economic conditions can trigger steep increases in uncertainty. Uncertainty is a response to fluctuations in economic activity. As the European business cycle was strongly correlated during the 2020 pandemic, by combining all the common shocks in asset prices, it is possible to capture the effect of uncertainty on stock markets.

**The CISS indicator** is a composite indicator calculated by the European Central Bank and measures systemic stress for European financial markets. In 2020, European stock market returns declined due to the uncertainty generated by the COVID pandemic. The Romanian market was influenced by uncertainty shocks coming from European markets. It has been observed that demand shocks such as monetary policy shocks are neutral in the long run (zero), due to uncertainty shocks. Similarly, the supply shocks on the stock market were linked with the low productivity of companies during the lockdown period which generated a lot of uncertainty and sell-offs. The systemic stress shock proxied by the CISS indicator has the effect of a 2% decrease of the Romanian stock markets. The results indicate a great reduction of risks associated with systemic financial risks.

Response of Romanian capital market to CISS shock using Structural VAR Factors

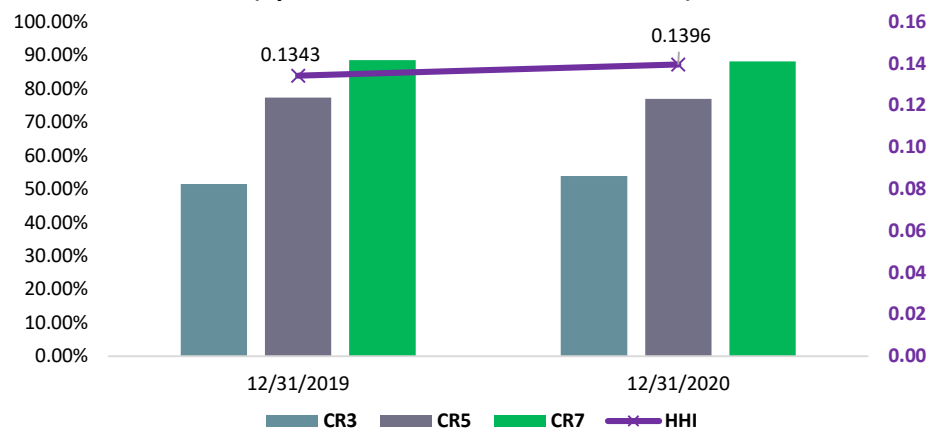


Source: FSA own calculations

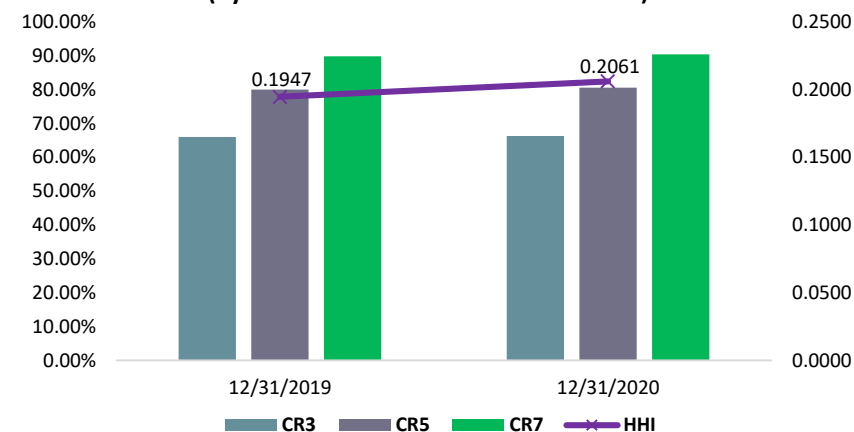


## Concentration risk

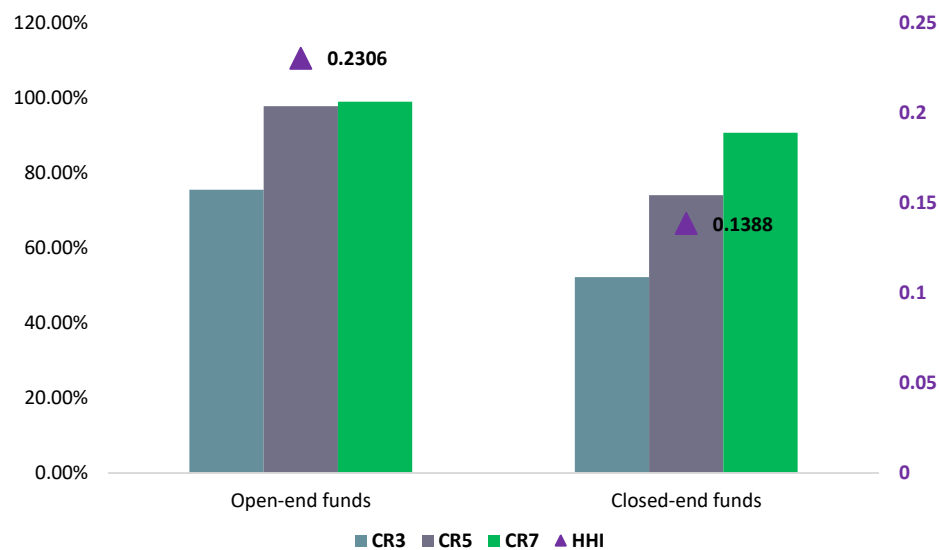
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 31 December 2020)**



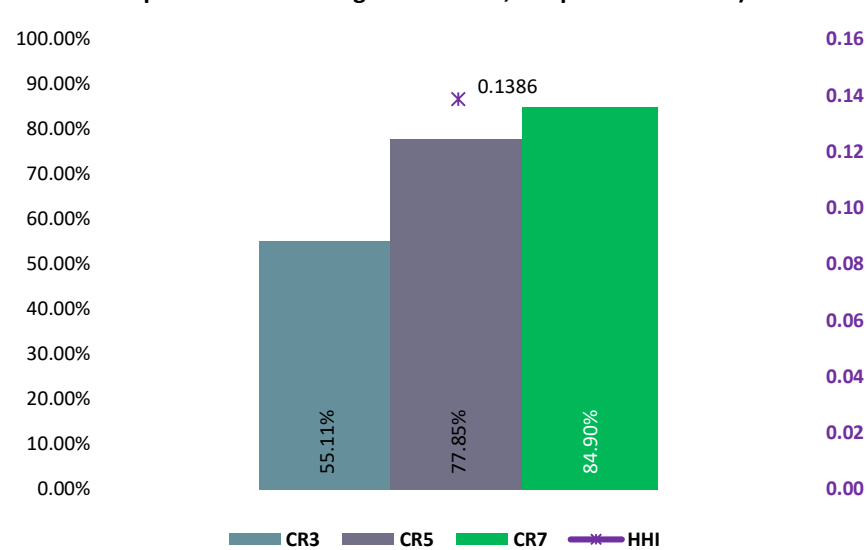
**Concentration risk of life insurance undertakings  
(by value of GWP at 31 December 2020)**



**Concentration risk of investment funds in Romania  
(by net assets – 31 December 2020)**



**Concentration risk of intermediaries on the BSE (by value of transactions in  
April 2021 – Main segment & MTS, all spot instruments)**

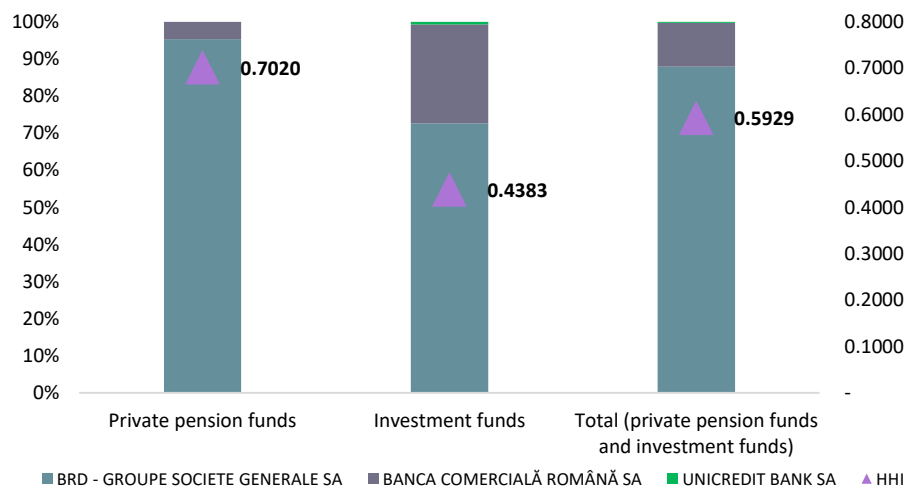


Source: FSA

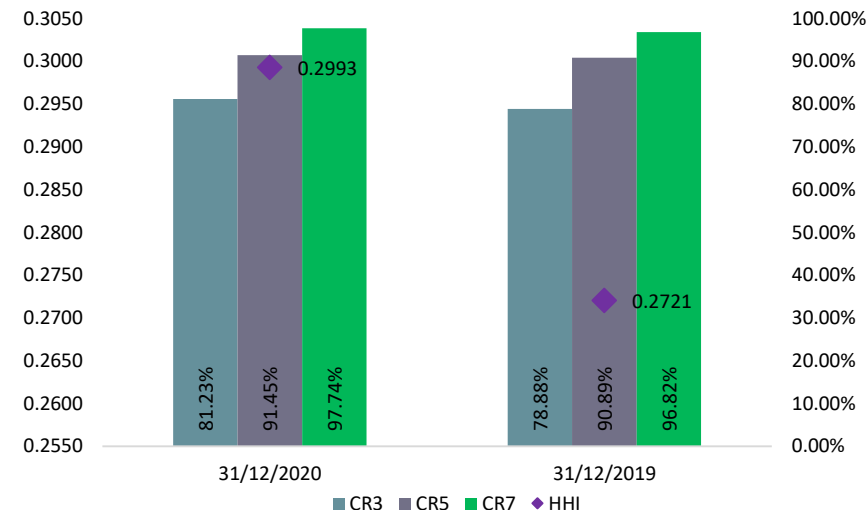
Source: FSA

## Concentration risk

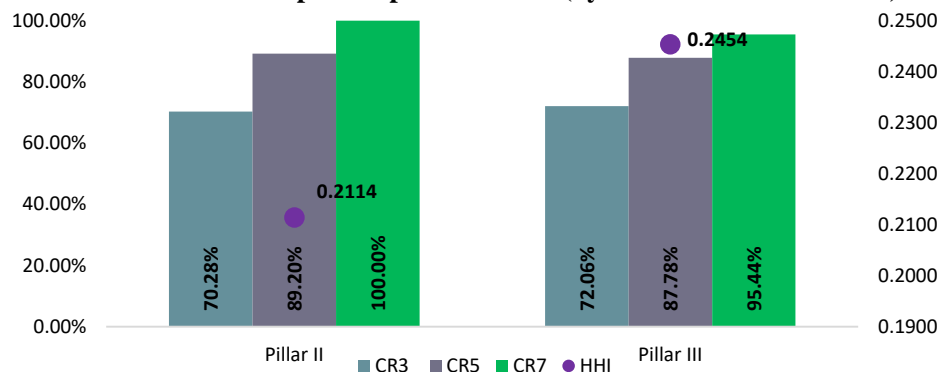
**Concentration risk of depositaries of private pension funds and investment funds (by total assets at 12/31/2020)**



**The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 12/31/2020)**



**Concentration risk of private pension funds (by total assets at 4/29/2021)**



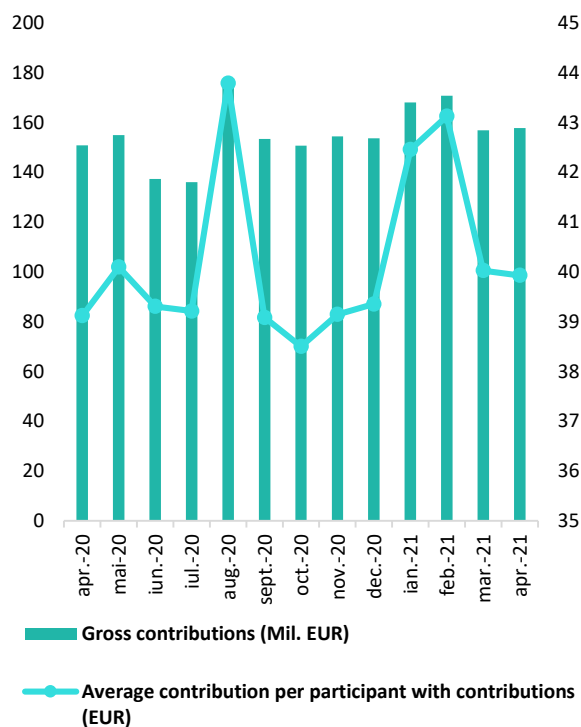
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar III), but explainable by objective reasons related to their operating mechanism and the current state of the market. Also on the capital market, the concentration degree is medium to high for OEIFs (although the number of investment funds is high) and for the intermediaries on the BSE due to the fact that top market participants sum up a significant share of the total assets.

## Specific developments in the private pension funds sector: Mandatory pension funds (2nd Pillar)

Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 30 April 2021 (EUR)	Participants (persons) April 2021	Rate of return April 2021
ARIPI*	1,478,645,460	797,901	6.69%
AZT VIITORUL TAU	3,559,452,423	1,619,577	6.36%
BCR	1,134,124,396	700,710	6.83%
BRD	651,760,400	485,294	5.57%
METROPOLITAN LIFE	2,296,478,145	1,074,115	6.45%
NN	5,761,854,241	2,046,440	6.33%
VITAL	1,648,217,253	963,926	6.62%
<b>Total</b>	<b>16,530,532,318</b>	<b>7,687,963</b>	<b>n/a</b>

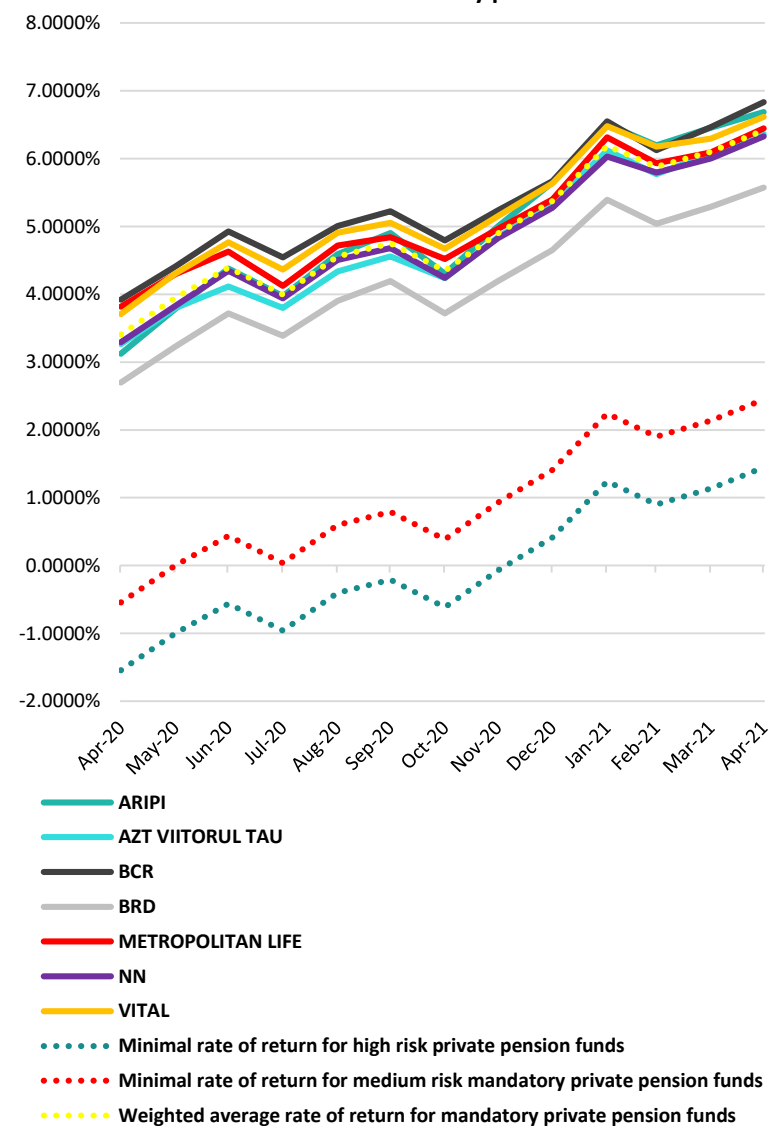
Evolution of gross contributions



New participants (persons) in 2<sup>nd</sup> Pillar

10,995  
persons

Rate of return for mandatory pension funds



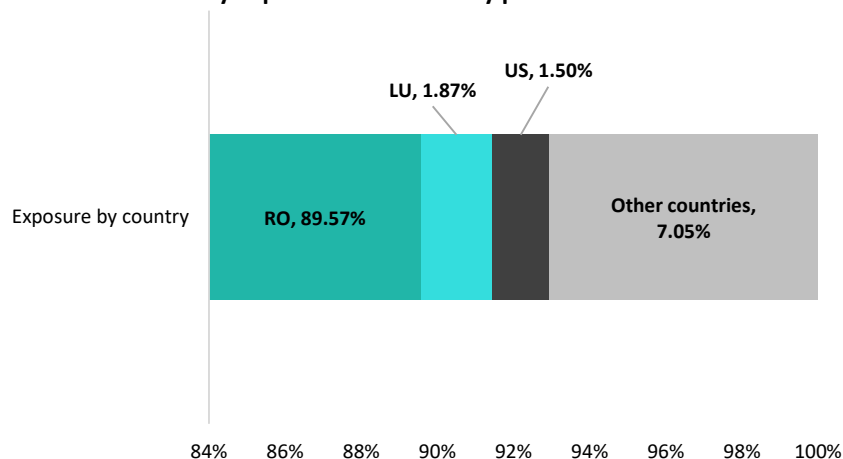
Source: FSA

## Specific developments in the private pension funds sector: Mandatory pension funds (2<sup>nd</sup> Pillar)

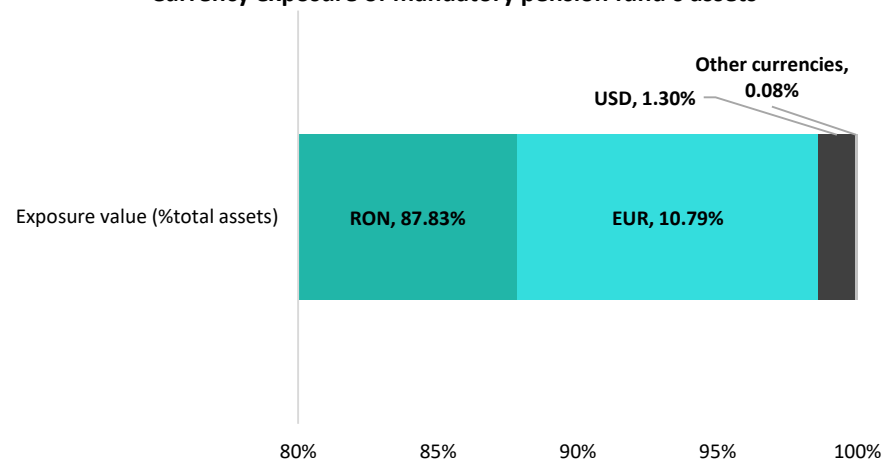
Mandatory pension fund's portfolio at 30 April 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,739,805,203	64.97%
Equity	3,953,860,536	23.92%
Corporate bonds	606,957,891	3.67%
Investment funds	524,359,324	3.17%
Supranational bonds	361,742,118	2.19%
Bank deposits	330,656,355	2.00%
Municipal bonds	38,579,655	0.23%
Metal funds	21,805,969	0.13%
Derivatives	(446,067)	-0.0027%
Other assets	(46,788,665)	-0.28%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



Source: FSA

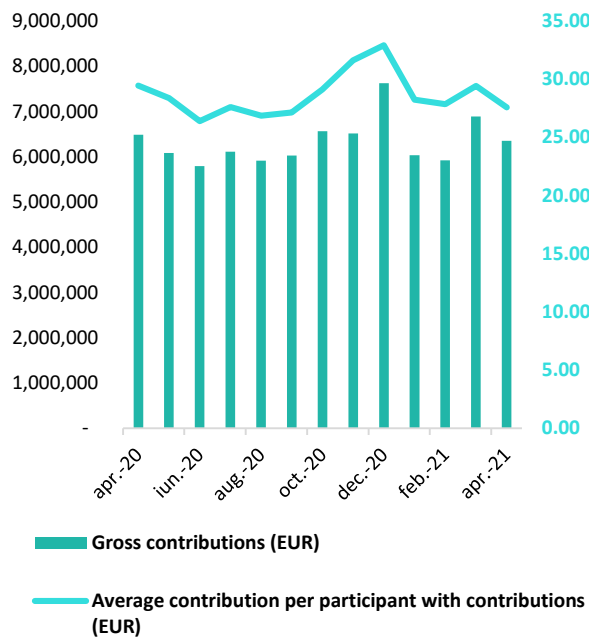
The value of the total assets of the privately managed pension funds reached EUR 16.53 billion at the end of April 2021, registering an annual rate of growth of 32%. At the end of April 2021, the privately managed pension funds' investments were generally made locally, in a percentage of 90%, a large majority being denominated in lei. Most Romanian instruments are represented by government securities and shares listed on the Bucharest Stock Exchange.

## Current evolutions in optional private pension funds (3rd Pillar)

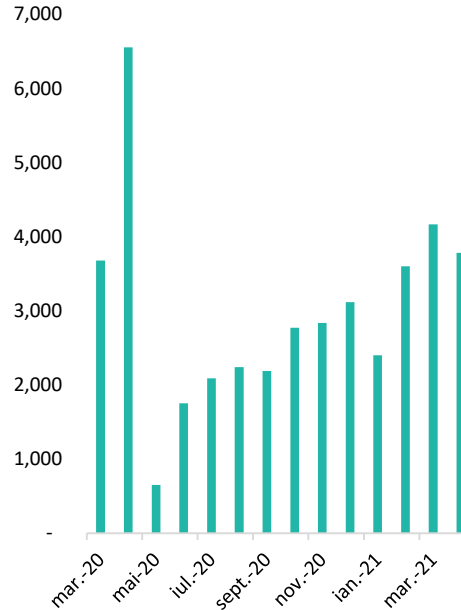
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 30 April 2021	Participants (persons) April 2021	Rate of return April 2021
AEGON ESENTIAL	2,071,413	3,887	8.9083%
AZT MODERATO	66,096,513	40,302	8.8763%
AZT VIVACE	24,686,274	20,301	9.9990%
BCR PLUS	112,511,378	139,539	8.1172%
BRD MEDIO	34,280,566	34,322	6.8942%
GENERALI STABIL	6,302,312	5,506	8.7234%
NN ACTIV	74,369,040	56,304	8.6093%
NN OPTIM	273,082,519	203,925	7.4412%
PENSIA MEA	20,705,516	18,642	6.6773%
RAIFFEISEN ACUMULARE	24,241,197	14,998	8.5682%
<b>Total</b>	<b>638,346,727</b>	<b>537,726</b>	<b>n/a</b>

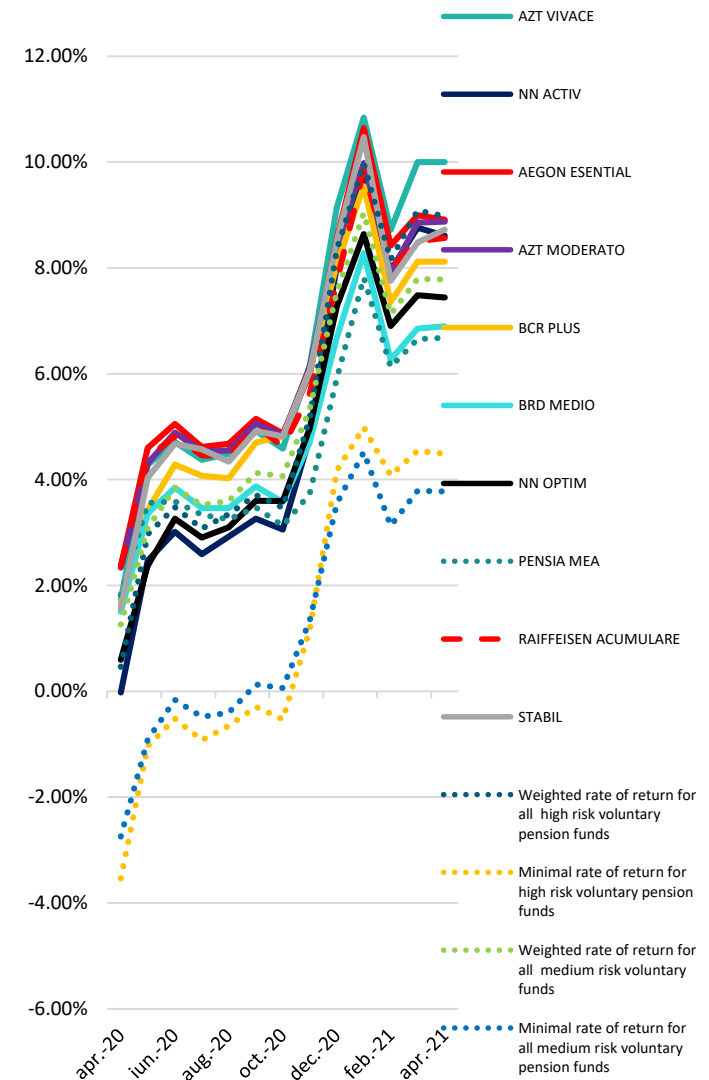
Evolution of gross contributions



New participants in 3<sup>rd</sup> Pillar



Rate of return for voluntary pension funds



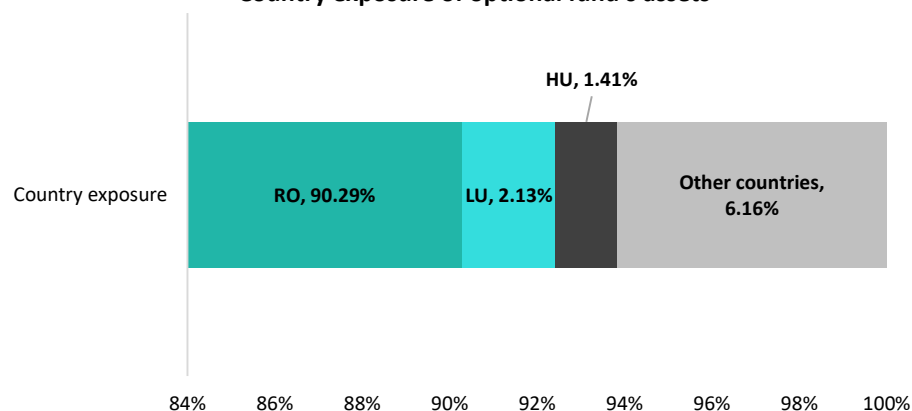
## Current evolutions in optional private pension funds (3rd Pillar)

### Optional pension fund's portfolio at 30 April 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	389,928,800	61.08%
Equity	177,192,130	27.76%
Investment Funds	19,387,728	3.04%
Bank Deposits	16,525,243	2.59%
Corporate Bonds	14,926,518	2.34%
Supranational Bonds	14,180,003	2.22%
Municipal Bonds	4,834,271	0.76%
Metal funds	2,215,875	0.35%
Derivatives	3,798	0.00%
Oher assets	(847,641)	-0.13%

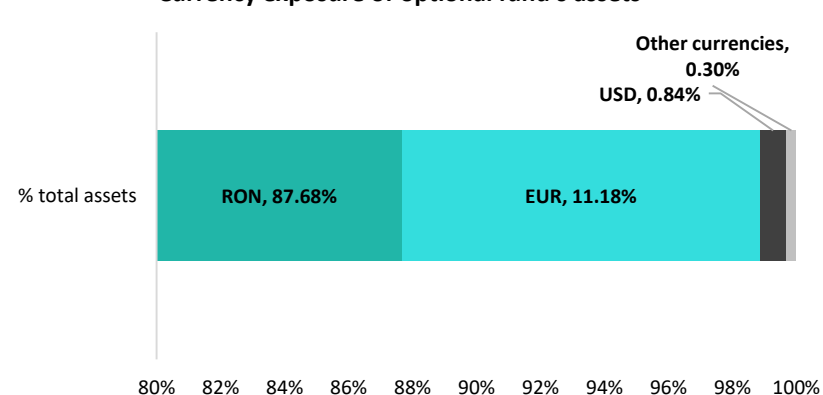
Source: FSA

#### Country exposure of optional fund's assets



Source: FSA

#### Currency exposure of optional fund's assets

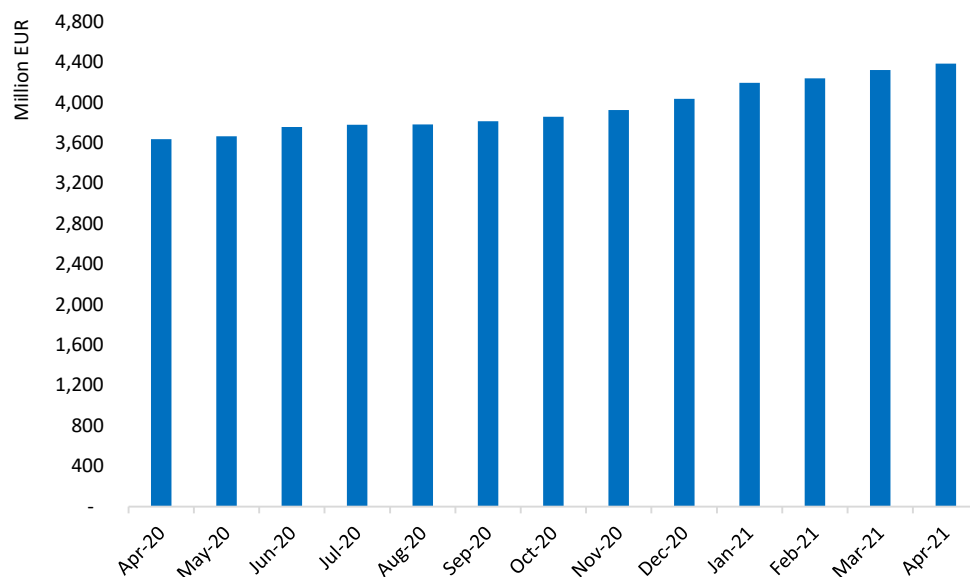


Source: FSA

The value of the total assets of the voluntary pension funds, at the end of April 2021, was EUR 638 million, registering an annual rate of growth of 28%. At the end of April 2021, the voluntary pension funds' investments were generally made locally, in a percentage of 90%, a large majority being denominated in lei.

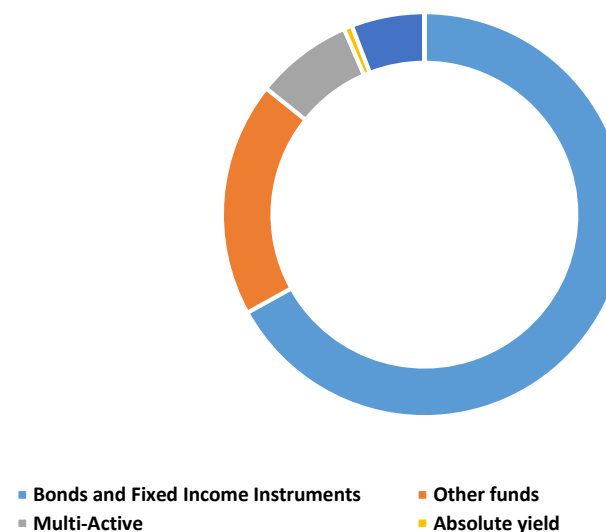
## Specific developments in the investment funds sector

Evolution of net assets of open-end investment funds  
(April 2020 – April 2021)



Source: AAF

Open-end investment funds' market share by Fund Type and Net Asset  
(April 2021)



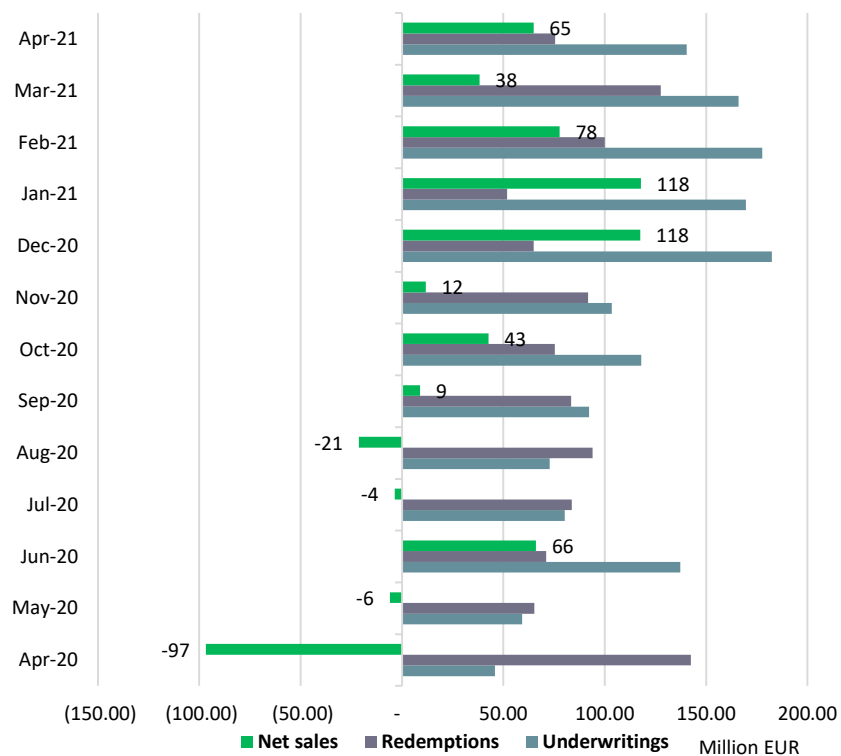
According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 4.39 billion in April 2021, an increase of approximately 1.5% compared to the previous month. Net assets of all categories of investment funds increased in April 2021 compared to the previous month.

In April 2021, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 67%<sup>1</sup>), while the "other funds" category has a market share of approximately 19%.

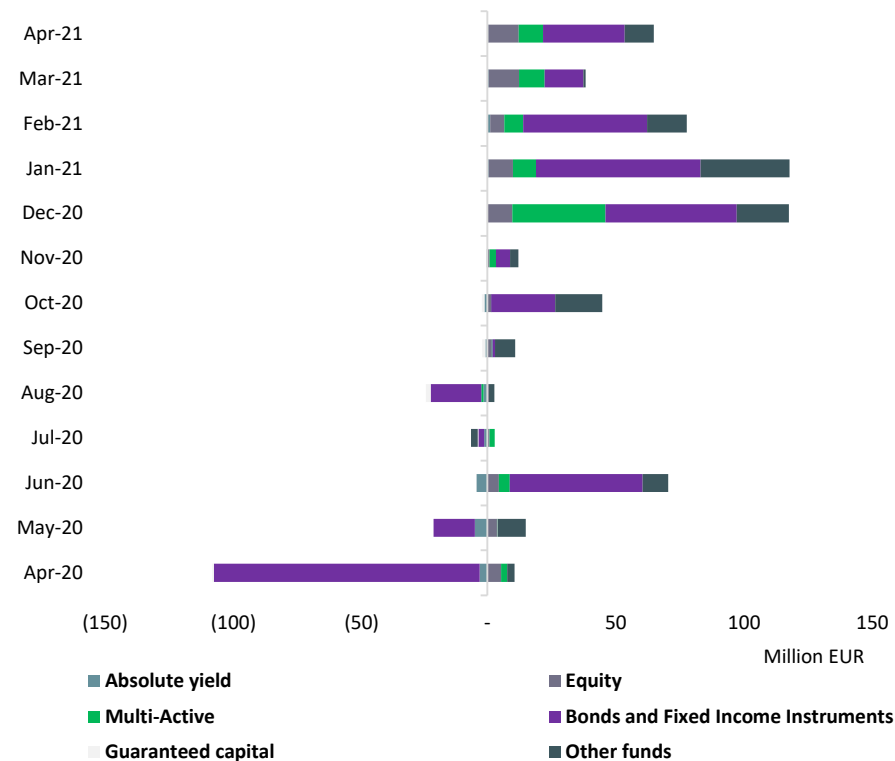
<sup>1</sup> There was a change in Open end investment funds' classification

## Specific developments in the investment funds sector

**Evolution of underwritings and redemptions of Open-end Investment Funds (million EUR)**



**Evolution of net capital flows of Open-end Investment Funds (million EUR)**



Source: AAF

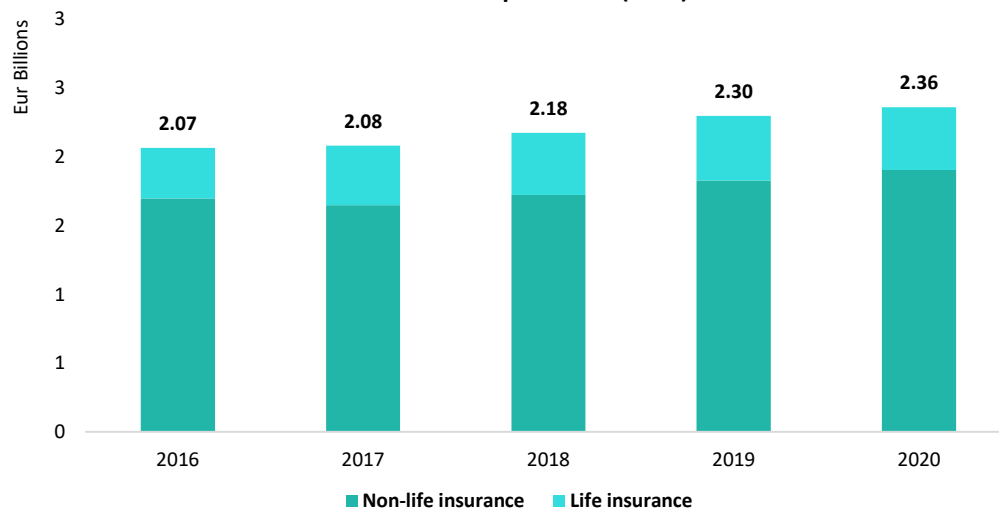
In April 2021, local open-end investment funds recorded net inflows of EUR 65 million. Net inflows of bonds and fixed income instruments funds amounted to EUR 32 million, while the equity funds recorded net inflows of EUR 12 million.



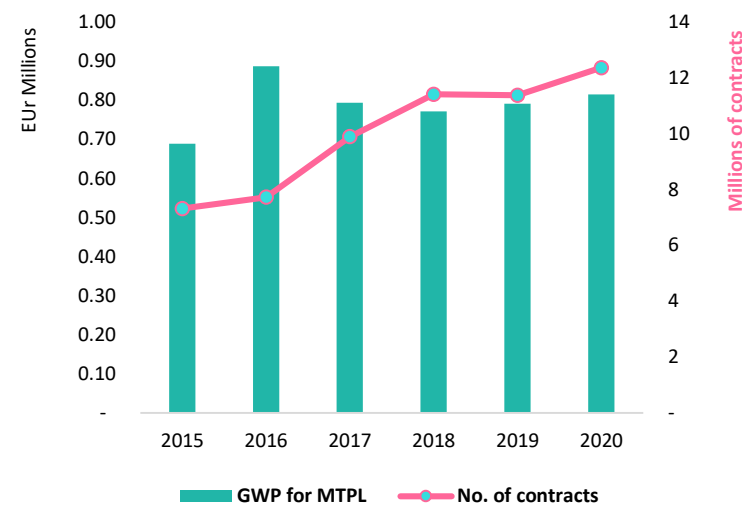
## Specific developments in the insurance market in Romania

### Evolution of the insurance market (31th of December 2020)

Gross written premiums (total)

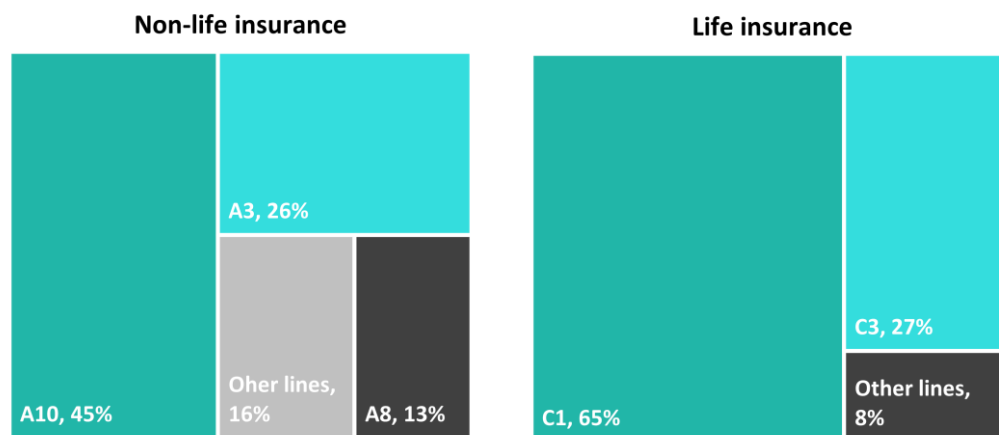


MTPL gross written premiums



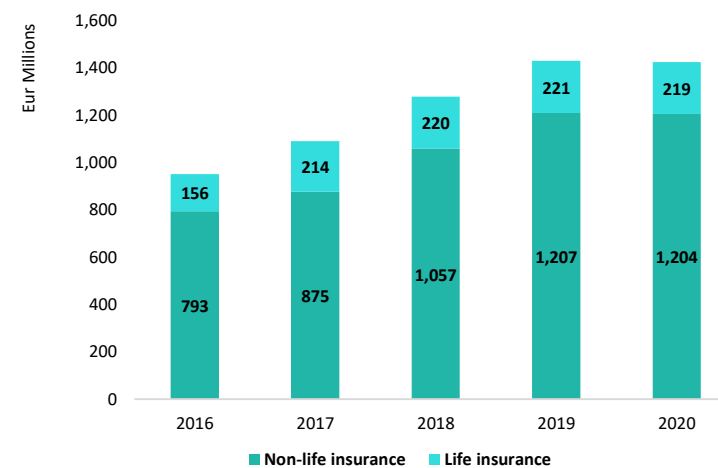
Source: FSA

Share of main insurance classes by GWP



Source: FSA

Gross claims paid

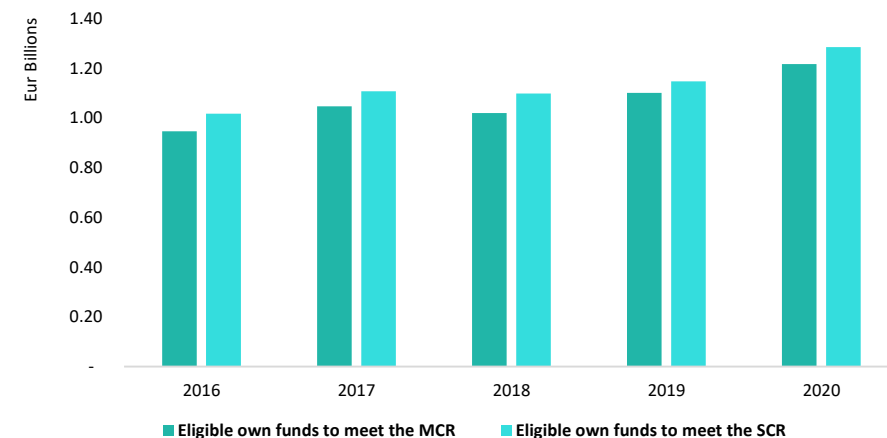


## Specific developments in the insurance market in Romania

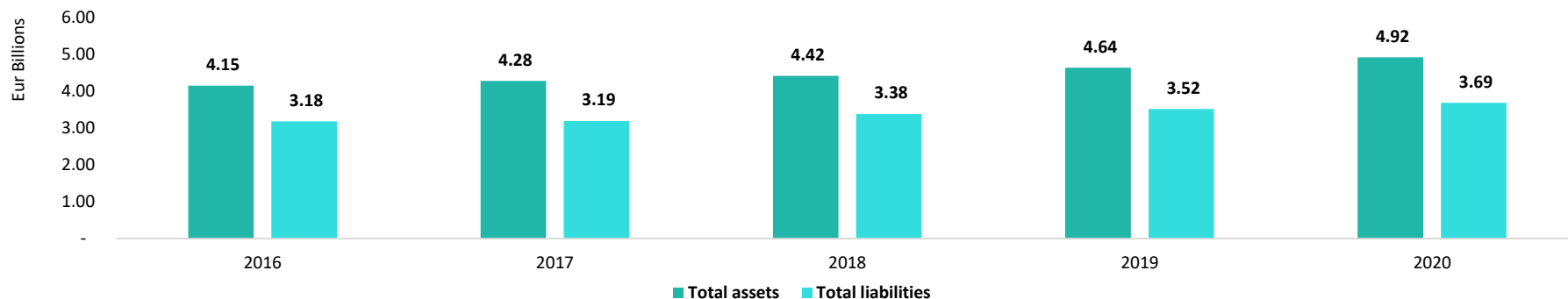
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



Total assets and total liabilities



Source: FSA, provisional data

On 31st of December 2020, eligible own funds to meet the SCR were mainly composed of unrestricted Tier 1 (92%). In terms of own fund items, there were no significant changes in the last five years.

## Press releases and publications of European and international financial institutions in April 2021

<b>EUROPEAN UNION</b>	<ul style="list-style-type: none"> <li>21 April: <a href="#">The EC adopted a package of measures to help improve the flow of money towards sustainable activities across the EU.</a></li> </ul>
<b>ESMA</b>	<ul style="list-style-type: none"> <li>6 April: <a href="#">ESMA publishes 2020 Report on enforcement of corporate disclosure.</a></li> <li>7 April: <a href="#">ESMA presents Final Report on SME Growth Markets.</a></li> <li>8 April: <a href="#">ESMA releases its third annual statistical report on alternative investment fund sector in EU.</a></li> <li>8 April: <a href="#">ESMA makes recommendations for organised trading facilities under MiFID.</a></li> <li>8 April: <a href="#">ESMA issues draft regulatory technical standards on changes to CCPs activities and models.</a></li> <li>8 April: <a href="#">ESMA publishes annual peer review of EU CCP supervision.</a></li> <li>14 April: <a href="#">ESMA releases its annual statistical report on the cost and performance of UE retail investment products.</a></li> <li>15 April: <a href="#">ESMA presents its final report on EMIR and SFTR data quality.</a></li> </ul>
<b>EIOPA</b>	<ul style="list-style-type: none"> <li>9 April: <a href="#">EIOPA publishes the results from its yearly study on the modelling of market and credit risk.</a></li> <li>13 April: <a href="#">EIOPA consults on framework to address value for money risk in the European unit-linked market.</a></li> <li>14 April: <a href="#">EIOPA releases third report on cost and past performance of insurance-based investments products and personal pension products.</a></li> <li>19 April: <a href="#">EIOPA issues Opinion on the supervision of the use of climate change risk scenarios in ORSA.</a></li> <li>22 April: <a href="#">EIOPA consults on the reporting of costs and charges of IORPs and the risk management by IORPs providing defined contribution schemes.</a></li> </ul>
<b>ECB</b>	<ul style="list-style-type: none"> <li>22 April: <a href="#">ECB decides to reconfirm its very accommodative monetary policy stance.</a></li> </ul>