

Monthly Market Report

Market capitalization increased 16% at the end of March 2021 compared to the end of 2020, but decreased 1% compared to the end of 2019.

FSA No
4/04.23.2021

- In the first part of April 2021, the spread between Romanian and German government bonds (10Y) decreased slightly, which can also be interpreted as an improvement in investors' confidence in Romania's country rating.
- BSE stock indices registered positive developments, with increases ranging from 5.99% (BET-NG) and 9.71% (BET-TR).
- Total assets of the privately managed pension funds reached EUR 16.29 billion at the end of March 2021, registering an annual rate of growth of 33%.

World Macroeconomic Outlook

According to data published by Eurostat the **seasonally adjusted GDP** in the fourth quarter of 2020 decreased by 0.7% in the euro area and by 0.5% in the EU compared to the previous quarter, as a result of containment measures imposed amid the outbreak of the second wave of infections. These developments 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 +11.6% in the EU). Compared to the same period of the previous year, seasonally adjusted GDP fell by 4.9% in the euro area and by 4.6% in the EU in the fourth quarter of 2020. Romania's GDP decreased by 3.9% in 2020 compared to 2019. Gross domestic product in the fourth quarter of 2020 was, in real terms, 4.8% higher than in the third quarter of 2020. Compared to the same quarter of 2019, the gross domestic product decreased by 1.4% on the gross series and by 1.8% on the seasonally adjusted series.

The **National Commission for Strategy and Prognosis** revised down the **economic growth forecast** for 2020, to -4.4% (from -4.2% according to the preliminary autumn forecast of NCSP), amid declining activity in industry (-8.7%), agriculture (-21.9%) and services (-2.3%) compared to 2019. According to the NCSP forecast, construction will have a positive contribution to GDP in 2020, with an estimated growth of 10.6 %. For 2021, NCSP estimates a recovery of the Romanian economy, with an advance of 4.3%.

GDP development in 2019-2022

Country	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	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	3.8	3.8	4.4	3.8
Germany	1.1	0.1	0.8	0.4	0.6	-2.2	-11.3	-4.0	-3.6	-4.9	3.2	3.1	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	5.6	5.3	6.4	4.7
France	1.8	1.8	1.6	0.8	1.5	-5.6	-18.6	-3.7	-4.9	-8.1	5.5	4.4	5.8	4.2
Italy	0.4	0.5	0.5	-0.2	0.3	-5.8	-18.2	-5.2	-6.6	-8.9	3.4	3.5	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	2.7	4.9	4.4	4.4
Croatia	3.9	2.3	2.9	2.3	2.9	0.3	-15.7	-9.8	-7.1	-8.4	5.3	4.6	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	4.0	5.0	4.3	5.9
Poland	5.3	4.7	4.4	3.9	4.5	1.9	-8.0	-1.8	-2.7	-2.7	3.1	5.1	3.5	4.5
Romania	5.2	4.2	3.3	3.9	4.1	2.7	-10.0	-5.4	-1.8	-3.9	3.8	4.0	6.0	4.8

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

The **euro area annual inflation** rate was 1.3% in March 2021, up compared to the previous month (+0.9%), while at EU level annual inflation was at 1.7%, up from 1.3% in the previous month. Greece (-2.0%), Portugal, Malta, Ireland and Slovenia (all 0.1%) had the lowest inflation rates, while Poland (4.4%), Hungary (3.9%), Romania and Luxembourg (both 2.5%) recorded the highest rates.

Retail trade (seasonally adjusted series) increased by 3.0% in the euro area and by 2.9% in the European Union in February 2021 compared to the previous month. Compared to the same period of the previous year, retail trade (seasonally adjusted series) decreased by 2.9% in the euro area and by 2.2% in the EU in February 2021. In the EU, the volume of retail trade decreased by 11.9% for fuel retail trade and by 4.0% for non-food products (online and internet orders + 37.9%), while for food, beverages and tobacco increased by 1.8%. The largest annual increases in the total volume of retail trade were registered in Belgium (+11.0%), Austria (+5.2%) and Croatia (+5.1%). The largest decreases were observed in Portugal (-15.4%), Slovakia (-14.7%) and Malta (-8.9%). **In Romania, the volume of retail trade** turnover increased in February 2021 by 1.3% as gross series, and decreased by 1.2% as a seasonally adjusted series compared to February 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 (+7.1%) and sales of food, beverages and tobacco (+1.1%). Retail sale of automotive fuel in specialized stores decreased by 9.1%.

In Romania, the industrial production decreased by 3.1% as gross series and by 2.6% as seasonally adjusted series in February 2021 compared to February 2020. The most significant increase was recorded by the production and supply of electricity and heat, gas, hot water and air conditioning (+7.5%). The most affected industrial sector was the extractive industry (-14.9%: gross series) and that of the manufacturing industry (-4.1%).

Turnover from market services provided mainly to enterprises decreased in February 2021 in Romania compared to the same period of the previous year by 0.2% as gross series, and by 0.1% as seasonally adjusted series. The highest decrease was registered in the transport activities (-4.1%) and in other services provided mainly to enterprises (-2.1%). Increases were recorded in activities of information services and information technology (+15.5%) followed by the activities in film production, video, television programs, broadcasting and transmission of programs (+3.0%) and by the communications activities (+1.2%).

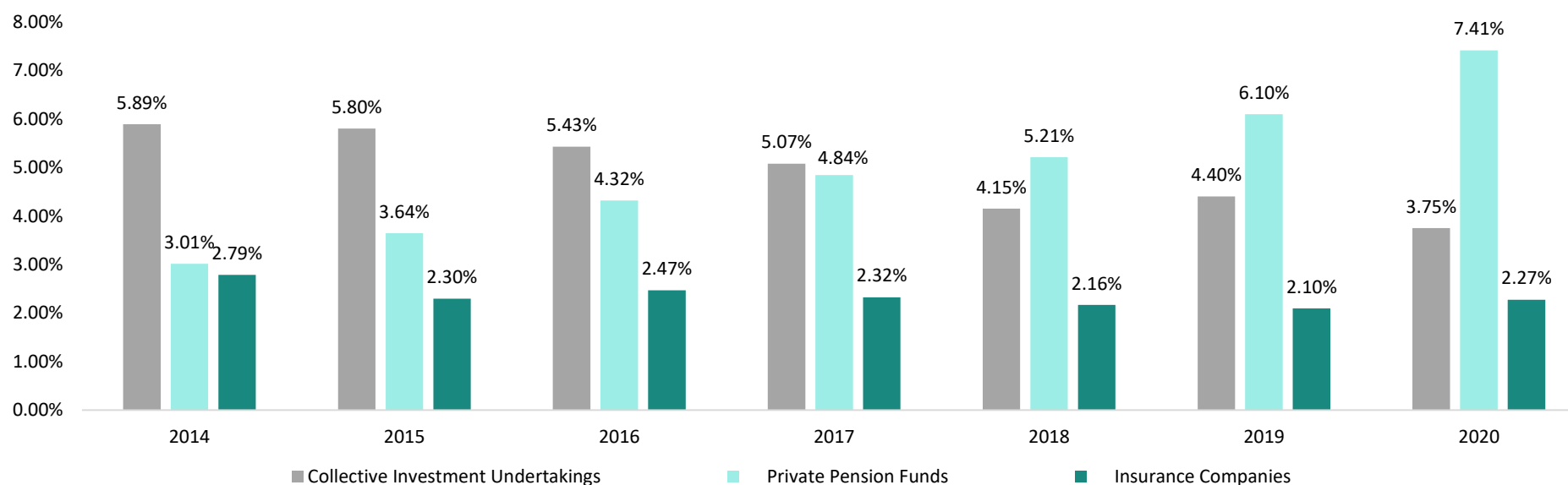
The **volume of construction works** increased in Romania by 3.3% as gross series and by 1.0% as seasonally adjusted series in February 2021 compared to the similar period of the previous year. The most significant increase was registered by the volume of new construction works (+6.9%), while the most significant decreases were registered in the volume of current maintenance and repair works (-5.2%) and in capital repair works (-1.1%). By construction objects, the gross series shows increases in the volumes of engineering construction works (+9.6%) and in residential buildings (+3.2%), while non-residential buildings decreased by 5.2%.

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
Banking financial system (% GDP)	60.53%	58.59%	56.18%	53.62%	51.09%	50.41%	57.60%
Non-banking financial system (% GDP)	11.69%	11.74%	12.21%	12.24%	11.53%	12.59%	13.43%
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

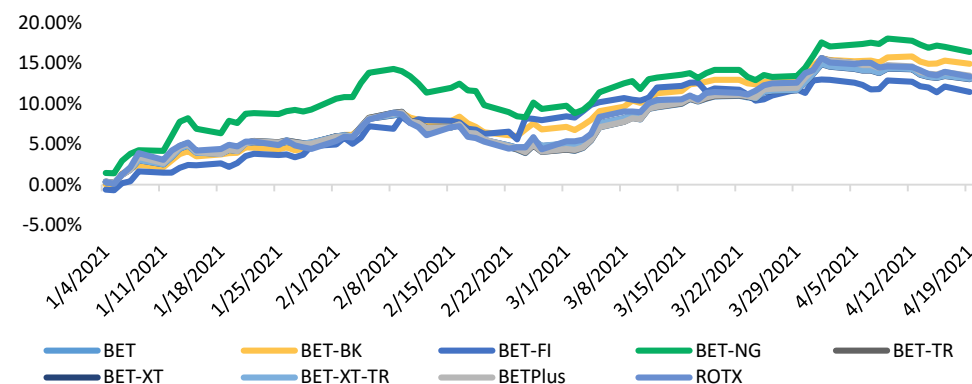
Current trends and headlights on Romanian markets

Romanian stock indices evolution in 2021 (30.12.2020 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
4/19/2021	13.24%	14.96%	11.47%	16.39%	13.29%

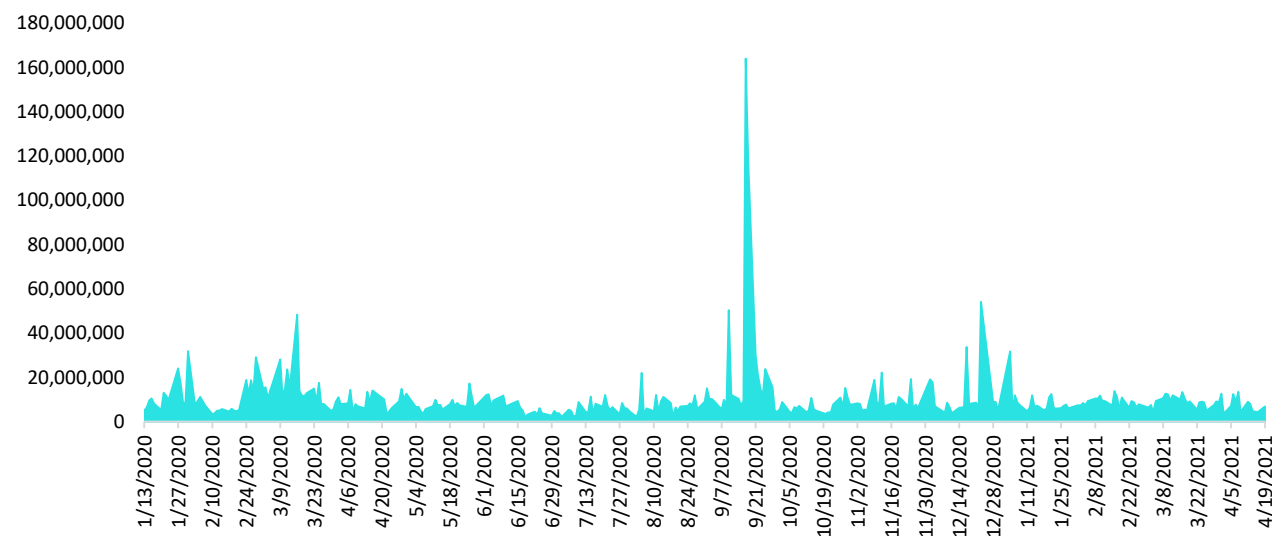
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
4/19/2021	13.03%	13.08%	13.47%	13.36%

Evolution of local stock indices



Source: BSE; FSA calculations

Equities traded value on BSE (EUR)



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	137.5	136.8	134.7	137.6	149.3	154.2
France	98.1	99.3	99.2	100.1	98.1	101.3	114.1	116.5
Spain	97.4	98.4	98.4	97.5	95.5	99.0	110.2	114.1
Euro zone	85.8	86.3	86.2	85.8	84.0	86.2	95	97.3
EU	79.5	79.9	79.7	79.2	77.6	79.4	87.7	89.8
Hungary	69.1	68.4	67.2	67.2	65.5	65.9	70.5	74.3
Germany	61.8	61.6	61.1	61.0	59.6	61	67.4	70
Poland	48.8	48.9	47.7	47	45.7	47.6	54.8	56.7
Romania	34.7	33.8	33.9	35.2	35.3	37.4	40.8	43.1
Bulgaria	22.3	20.9	20.3	20.5	20.2	20.1	21.3	25.3

Source: Eurostat

The government debt-to-GDP ratio in the euro area is 97.3% in the third 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 in GDP ranging from 18.5% (Estonia) to 199.9% (Greece).

Romania is among the EU member states with a low level of indebtedness (43.1%), below the indebtedness of the EU member states of 89.8% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) amounted to EUR 578 million in January-February 2021 (compared with EUR 690 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 1.6 billion in the first two months of 2021, compared to EUR 431 million in the same period of the previous year.

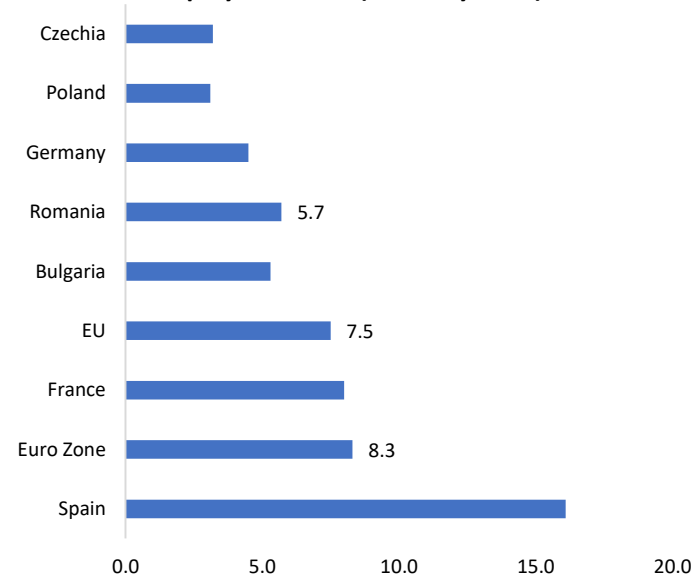
Current account developments were accompanied by a decrease in total external debt by EUR 2.31 billion in January - February 2021 to EUR 124 billion.

The seasonally adjusted unemployment rate in the euro area was 8.3%, while the EU unemployment rate was 7.5% in February 2021, values similar to those recorded in the previous month.

The seasonally adjusted unemployment rate in Romania was 5.7% in February 2021, up 0.1 pp from the previous month (5.6%), according to data published by NIS.

At local level, the unemployment rate among men (5.6%) is lower with 0.2 pp than the unemployment rate for women (5.8%).

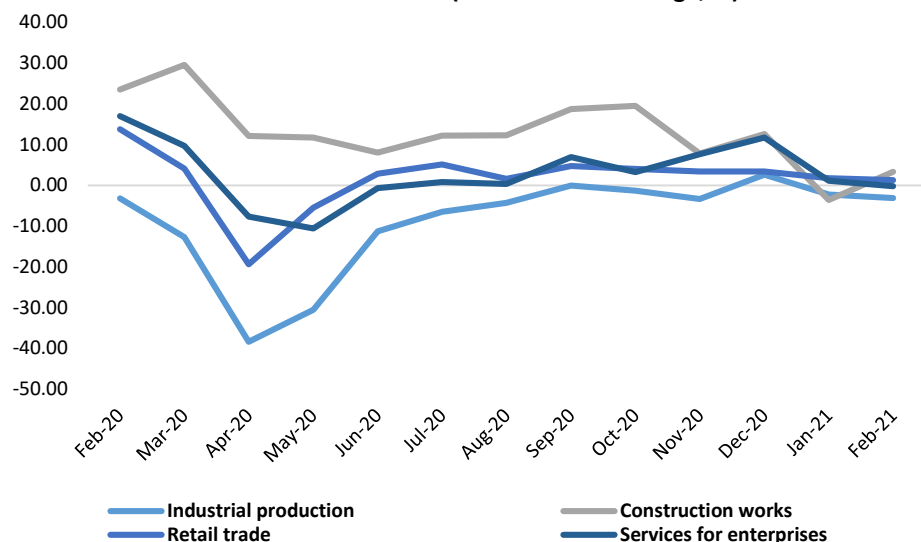
Unemployment rate (February 2021)



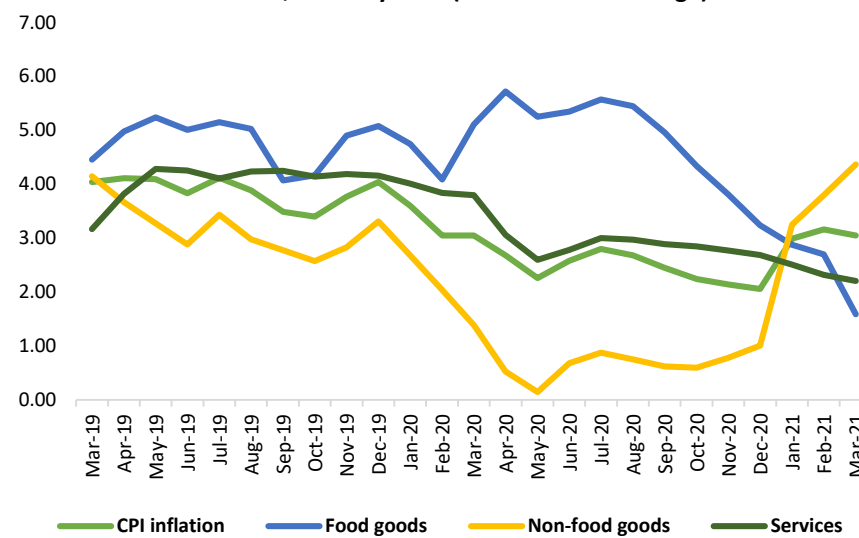
Source: Eurostat

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

Main sector indicators (annual rate of change, %)

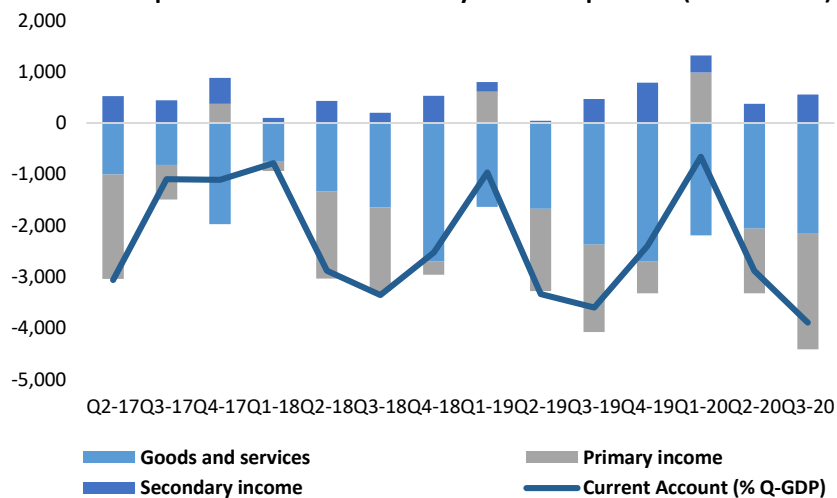


Inflation, monthly data (annual rate of change)



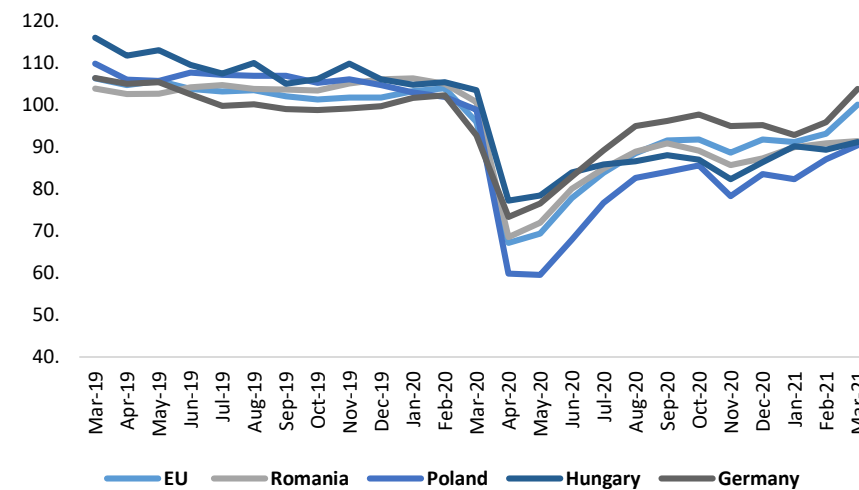
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

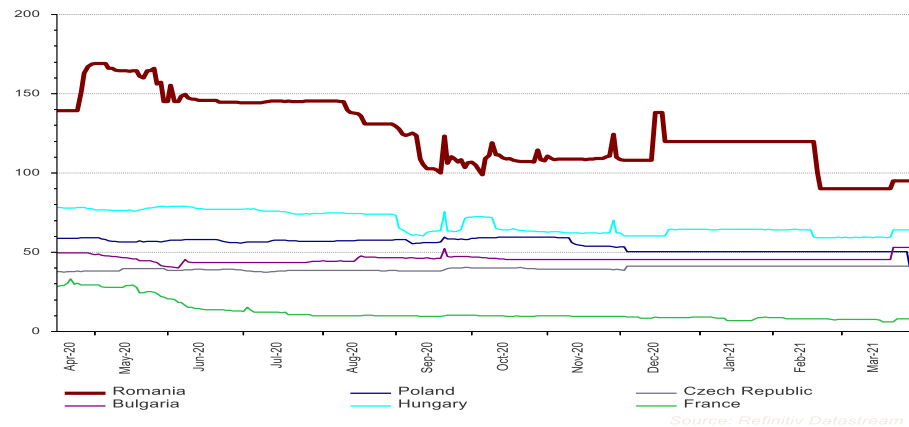
The economic sentiment index in EU



Source: Eurostat

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

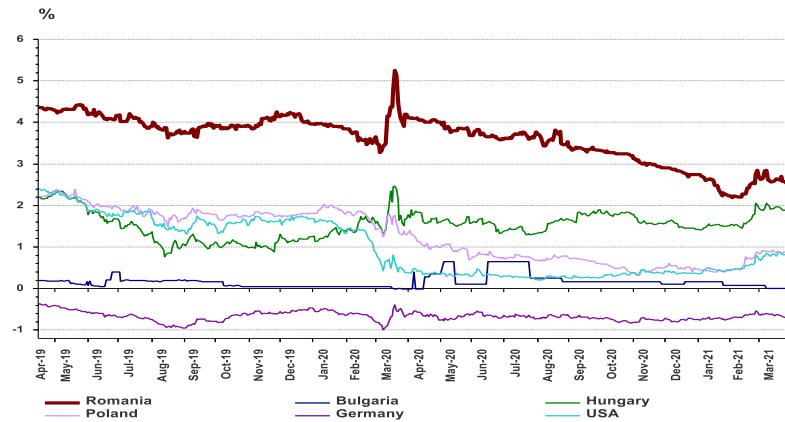
Evolution of Credit Default Swaps quotations (5Y, USD)



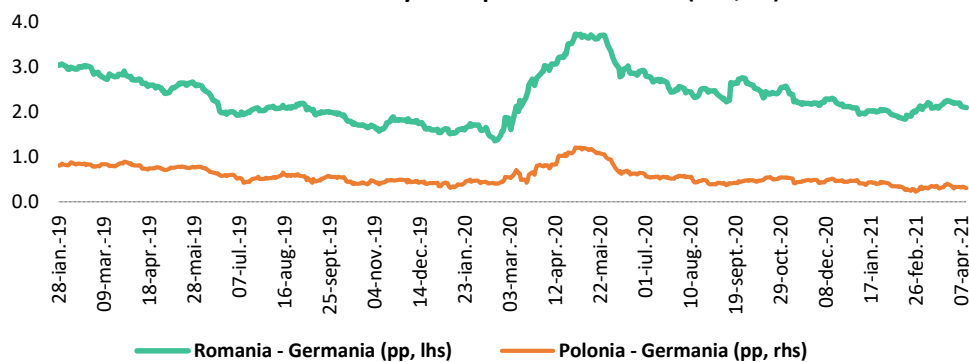
Source: Datastream

Romania 5 - year bond yields decreased by 6% in February 2021 as compared with the previous month, reaching an average value of 2.37%, while Bulgaria 5 – year bond yields increased to an average value of 0.082%. Germany 5 – year bond yields remained negative, at very low levels (average value of -0.65% in February 2021).

Government bond yields (5Y, LC)



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



Source: Datastream, FSA's calculations

Romania CDS quotations decreased by 8.3% in February 2021 compared with the previous month, reaching an average value of 109.91 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 starting with January 2021. In the first part of April 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 March 2021

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	6.51%	8.69%	22.14%
FR (CAC 40)	6.38%	9.29%	26.31%
DE (DAX)	8.86%	9.40%	17.61%
IT (FTSE MIB)	7.88%	10.87%	29.63%
GR (ASE)	9.17%	6.93%	38.46%
IE (ISEQ)	10.11%	9.59%	26.69%
ES (IBEX)	4.32%	6.27%	27.74%
UK (FTSE 100)	3.55%	3.92%	14.45%
US (DJIA)	6.62%	7.76%	18.72%
IN (NIFTY 50)	1.11%	5.07%	30.61%
SHG (SSEA)	-1.92%	-0.90%	6.97%
JPN (N225)	0.73%	6.32%	25.85%

The European indices have recorded positive developments (1M). The most significant increase was recorded by ISEQ index (IE: +10.11%), followed by ASE index (GR: +9.17%).

The main American and Asian indices showed positive evolutions, except for SSEA index (SHG: -1.92%). Therefore, the most significant increase was registered by DJIA index (US: + 6.62%), followed by NIFTY 50 index (IN: +1.11%)

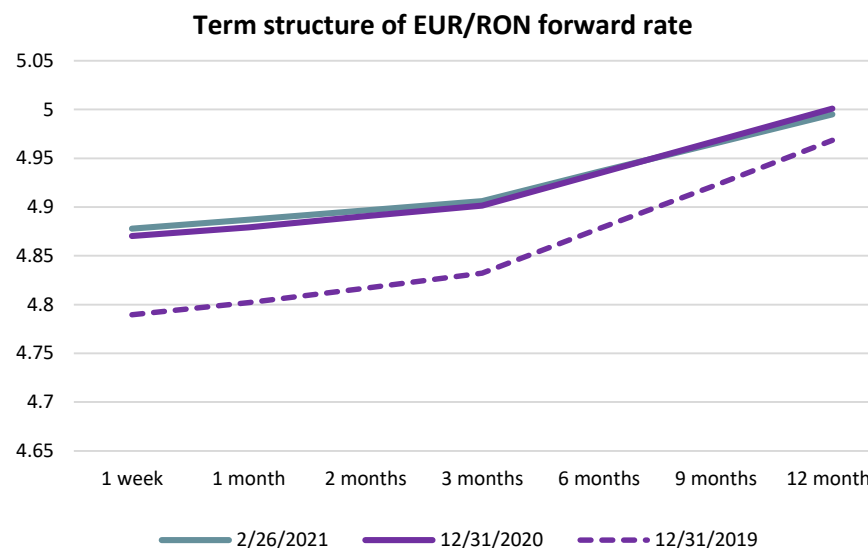
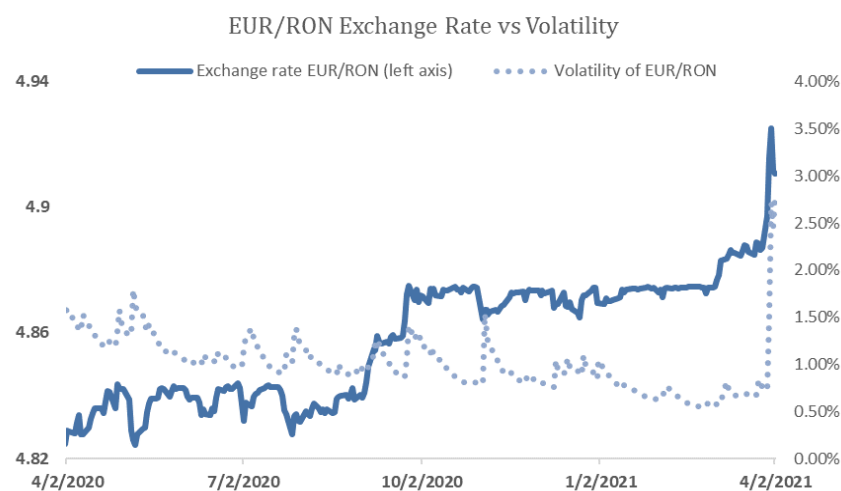
BSE indices	1 M	3 M	6 M
BET	9.68%	14.11%	24.23%
BET-BK	7.41%	14.75%	25.88%
BET-FI	4.55%	12.86%	15.61%
BET-NG	5.99%	15.92%	22.11%
BET-TR	9.71%	14.16%	25.60%
BET-XT	8.48%	13.67%	22.27%
BET-XT-TR	8.51%	13.72%	23.56%
BETPlus	9.65%	14.15%	23.99%
ROTX	9.37%	14.15%	29.54%

The BSE stock indices have recorded positive developments (1M). The registered increases were between 9.71% (BET-TR index) and 5.99% (BET-NG index)

Source: Datastream, FSA's calculations

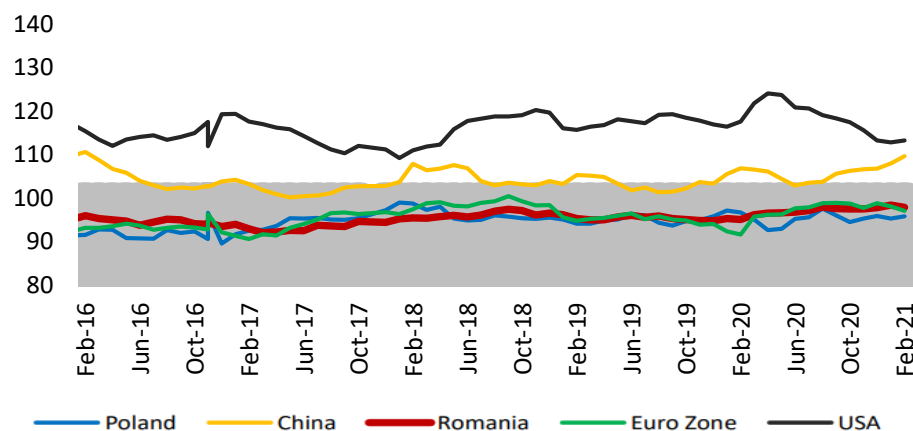
Note: 1M=03/31/2021 vs. 02/26/2021; 3M=03/31/2021 vs. 12/31/2020; 6M=03/31/2021 vs. 09/30/2020

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



Source: Refinitiv, FSA's calculations

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

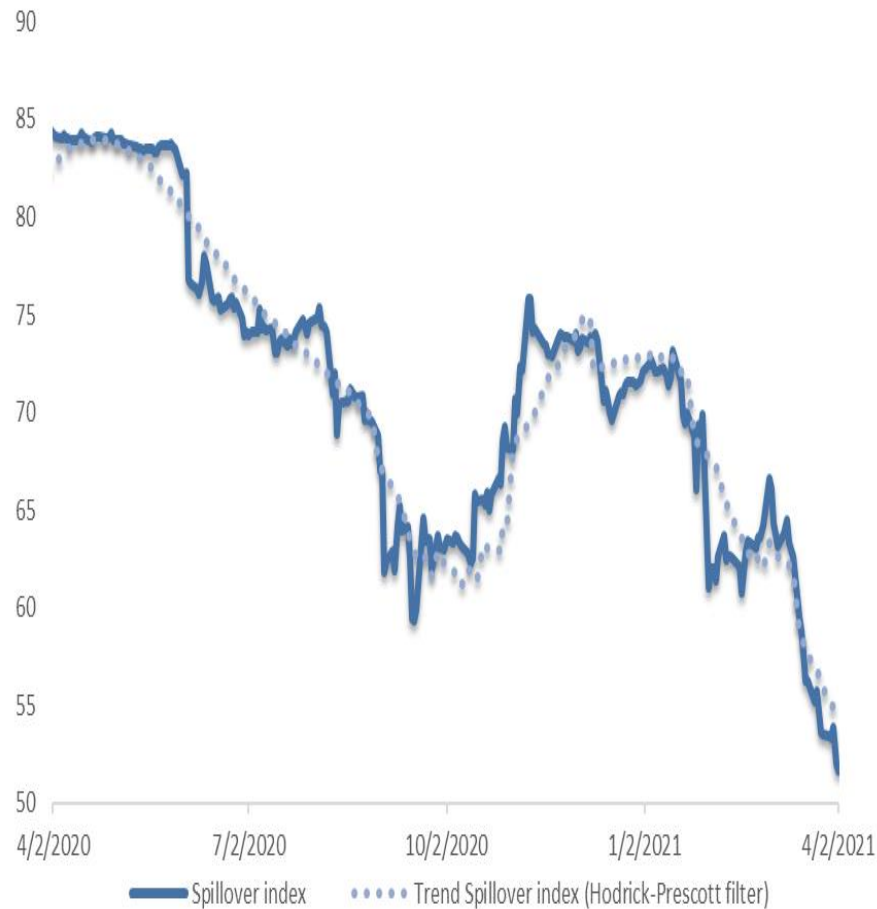


Source: BIS, FSA's calculations

We forecast that the depreciation trend will continue but its volatility will remain low, as the Romanian Central Bank lowered the monetary interest rate to 1.25% in January 2021 to fight the impending recession and managed interbank liquidity, to avoid any speculative attack on the currency. With inflation rising above the European average, the exchange rate started to depreciate in February and March 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 3 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.

Liquidity indicators on Romanian Stock Exchanges

The BSE Trading Activity (all the Segments) during March 2021

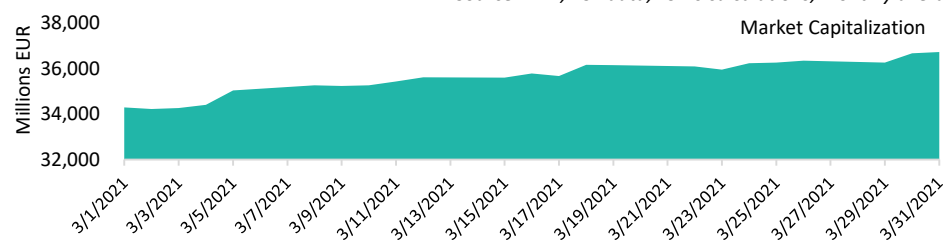
Week/month	No. of transactions	Volume	Value	
			EUR	%
Total 01-05 March 2021	26,510	123,697,376	33,943,707	16.63%
Total 08-12 March 2021	33,627	282,072,043	56,954,284	27.90%
Total 15-19 March 2021	35,232	225,235,535	50,912,059	24.94%
Total 22-26 March 2021	28,378	141,057,476	36,987,317	18.12%
Total 29-31 March 2021	14,727	76,807,582	25,341,646	12.41%
Total March 2021	138,474	848,870,012	204,139,013	100.00%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for March 2021 = 4.8878 LEI/EUR

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

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	45,879,796	26.25%	702,877	36.34%	46,582,672	25.96%
TRP	21,200,654	12.13%	0	0.00%	21,200,654	11.81%
SNP	16,218,240	9.28%	0	0.00%	16,218,240	9.04%
FP	15,605,630	8.93%	0	0.00%	15,605,630	8.70%
BRD	11,705,008	6.70%	0	0.00%	11,705,008	6.52%
SNN	8,650,160	4.95%	0	0.00%	8,650,160	4.82%
SNG	7,701,671	4.41%	0	0.00%	7,701,671	4.29%
EL	5,062,314	2.90%	0	0.00%	5,062,314	2.82%
SIF2	2,338,145	1.34%	0	0.00%	5,044,025	2.81%
M	4,047,253	2.32%	96,976	5.01%	4,144,229	2.31%
BRK	3,934,060	2.25%	0	0.00%	3,934,060	2.19%
DIGI	2,910,437	1.66%	722,206	37.34%	3,632,643	2.02%
WINE	3,050,343	1.74%	0	0.00%	3,050,343	1.70%
EBS	2,164,971	1.24%	0	0.00%	2,164,971	1.21%
IMP	1,751,644	1.00%	324,072	16.76%	2,075,716	1.16%
Top 15 Total					87.36%	

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for March 2021 = 4.8878 LEI/EUR



Source: BSE

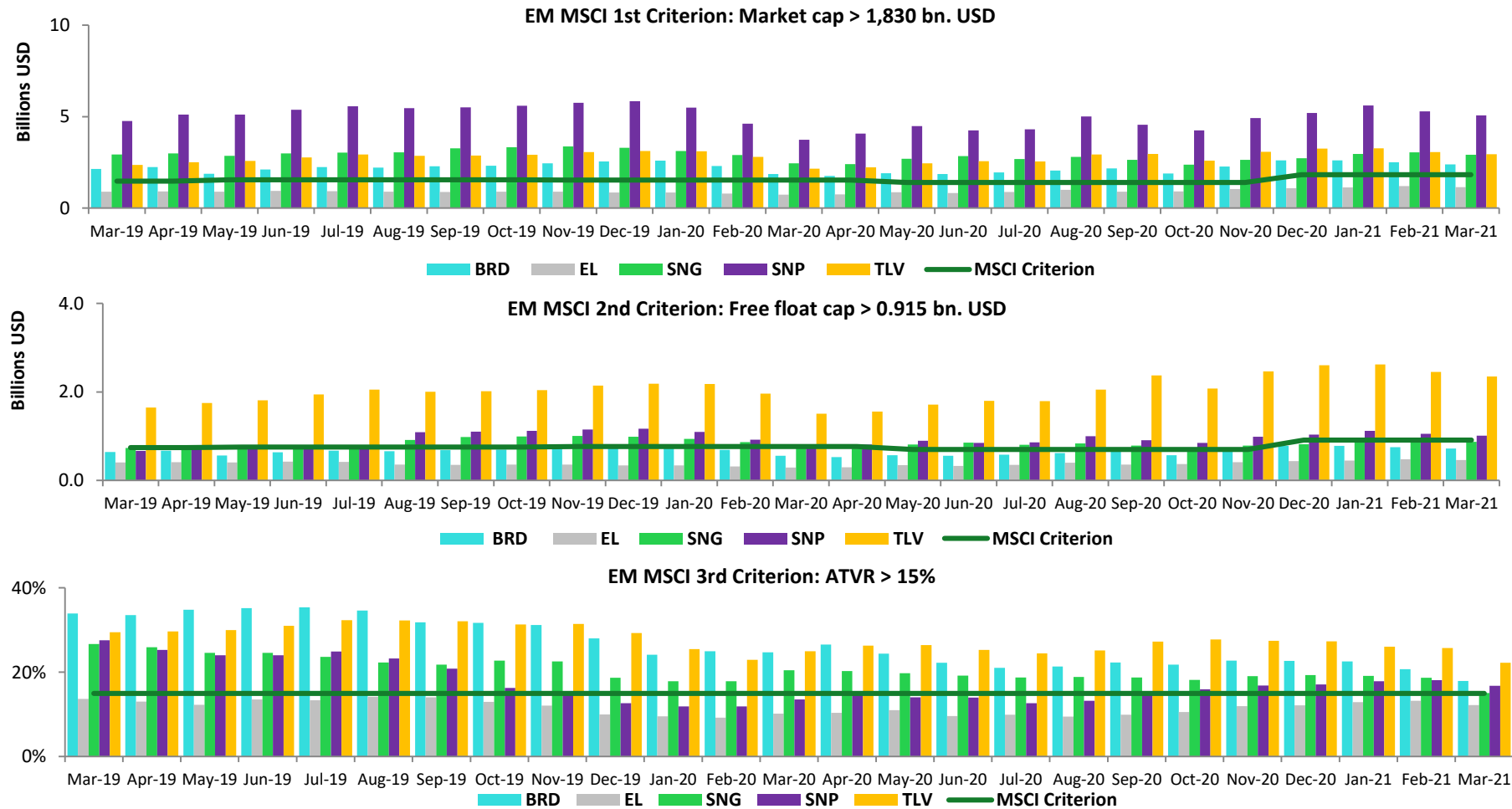
Top of intermediaries during March 2021

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	BT CAPITAL PARTNERS	59,564,289	16.55
2	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	55,704,014	15.48
3	SWISS CAPITAL S.A.	49,988,719	13.89
4	TRADEVILLE	47,183,236	13.11
5	BANCA COMERCIALA ROMANA	36,436,653	10.12
6	SSIF BRK FINANCIAL GROUP S.A.	33,066,272	9.19
7	RAIFFEISEN CENTROBANK AG	13,818,956	3.84
8	GOLDRING	10,909,448	3.03
9	IFB FINWEST	10,714,743	2.98
10	ESTINVEST	10,195,315	2.83
11	PRIME TRANSACTION	9,869,576	2.74
12	BRD Groupe Societe Generale	6,455,151	1.79
13	INTERFINBROK CORPORATION	4,793,042	1.33
14	Alpha Bank Romania SA	4,130,081	1.15
15	S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A	1,401,448	0.39
Top 15 Total			98.42

The market capitalization registered an increase of 16% at the end of March 2021 compared to the end of 2020, while compared to the end of 2019 there was a decrease of 1%.

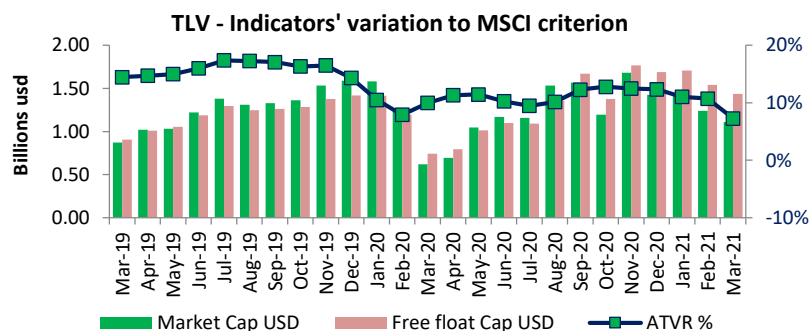
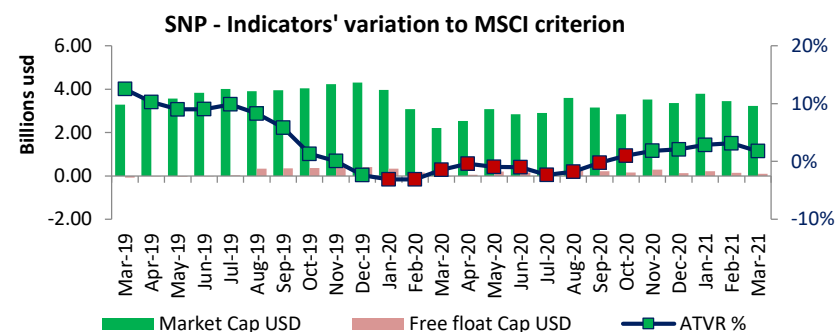
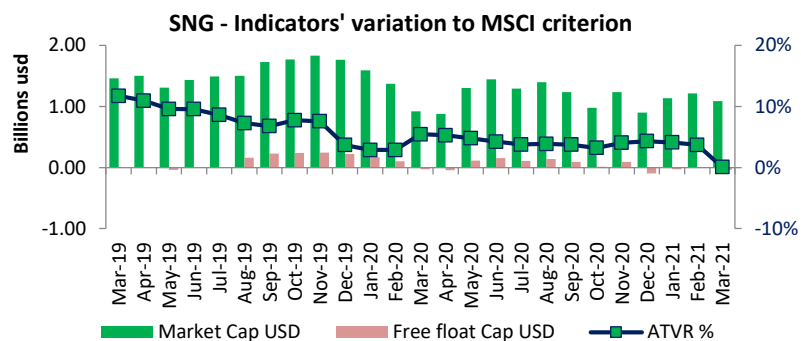
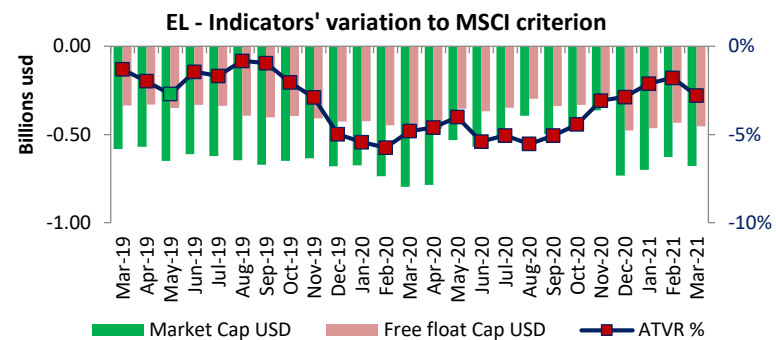
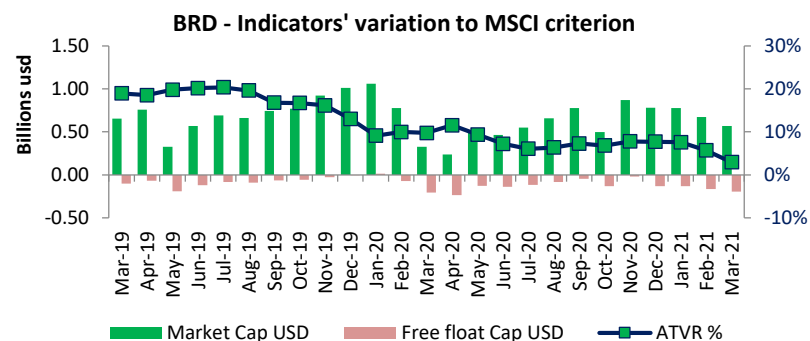
In March 2021, the first 3 companies traded on BVB were: Banca Transilvania (TLV) with a share of 25.96% of the total value traded in that period, Teraplast (TRP: 11.81%) and OMV PETROM (SNP: 9.04%).

MSCI: Quantitative Indicators for Emerging Market Status



Source: FSA's calculations, March 2021

MSCI: Quantitative Indicators for Emerging Market Status



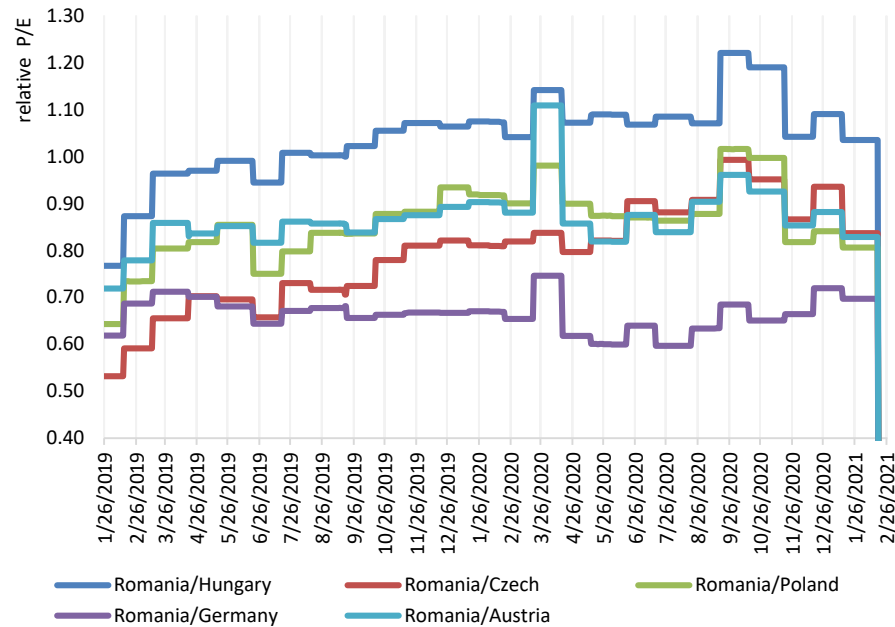
Indicators' variation to MSCI criterion (March 2021)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0,57	-0,20	2,92%
EL	-0,68	-0,45	-2,79%
SNG	1,09	-0,04	0,07%
SNP	3,23	0,10	1,78%
TLV	1,11	1,44	7,26%

Source: FSA's calculations, March 2021

Risk assessment and the benefit of diversification

The degree of over or under-evaluation of Bucharest Stock Exchange compared with the region

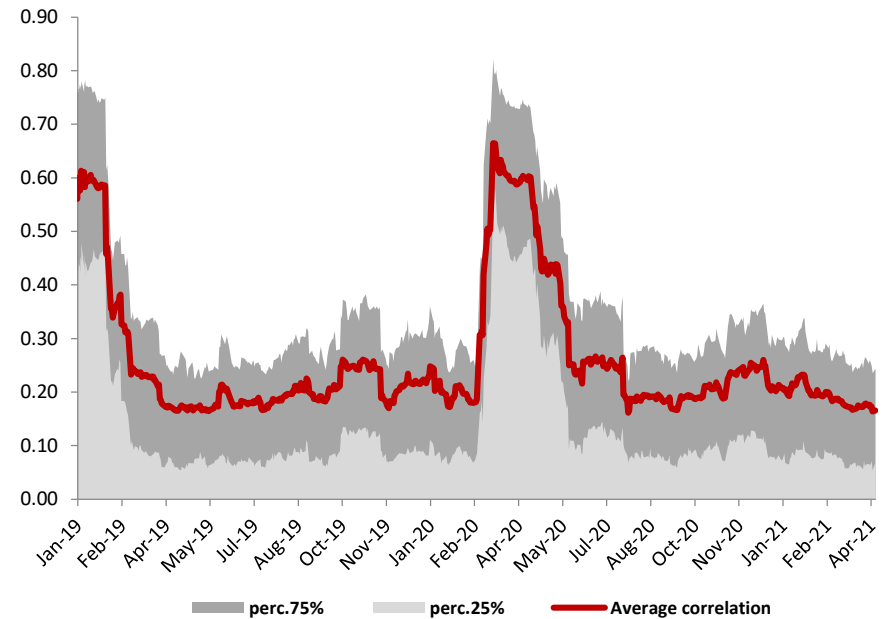


Source: Datastream, FSA's calculations

P/E forward ratio is calculated by dividing the share price to the net earnings per share and indicates how much investors pay for earnings forecasted for next year. The risk of re-evaluation is calculated by dividing the P/E forward ratios for different markets and indicates how much investors pay for next year's anticipated earnings in one market compared with another.

In February 2021, the ratio was lower than 1 (except for Romania/Hungary) thus indicating that the Romanian capital market was more attractive in comparison with most of the analyzed countries.

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



Source: Bloomberg, ASF

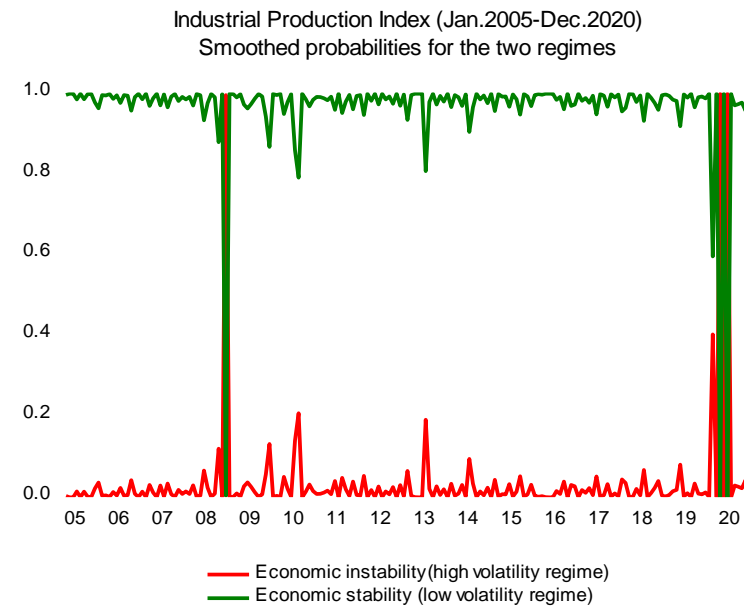
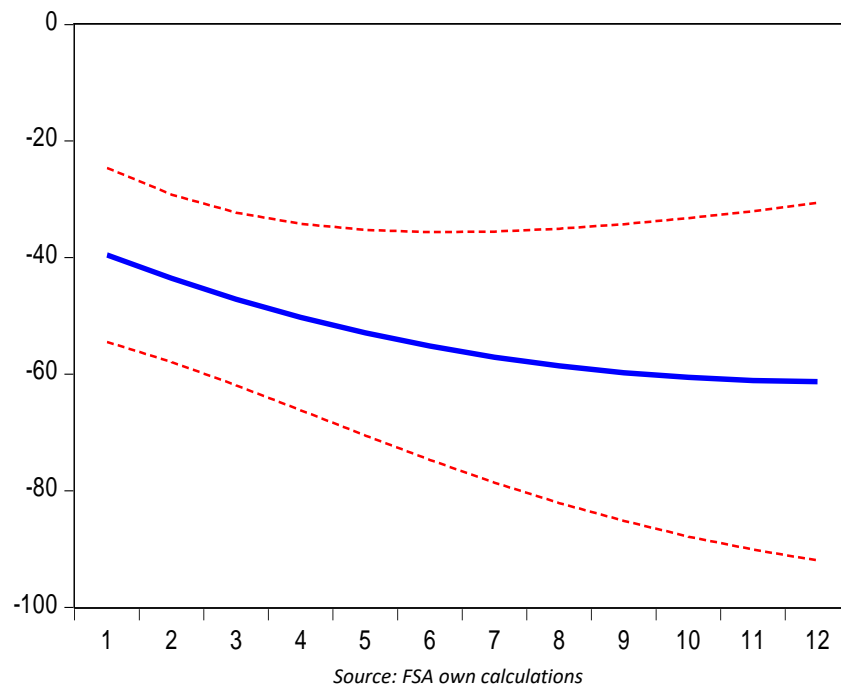
At the end of July 2021, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange the decreased and returned to the level recorded at the beginning of 2020. In March-April 2021 is marked by a decrease in the correlations between the shares.

Risk assessment and the benefit of diversification

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 capital market declined to the shocks of uncertainty as well as other European capital 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.

The industrial production index fell sharply in April and May and rebounded in June and July 2020. The chart indicates that the expected duration of the likelihood of a high volatility regime is low, lasting about 2 months¹. The industrial production index reverted to a low volatility regime as Romanian economy rebounded sharply after two quarters of negative growth.

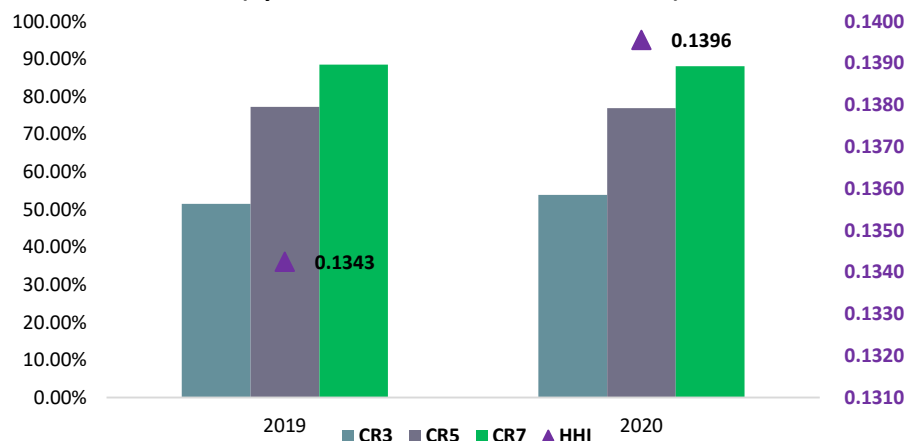
Response of Romanian capital market to CISS shock using Structural VAR Factors



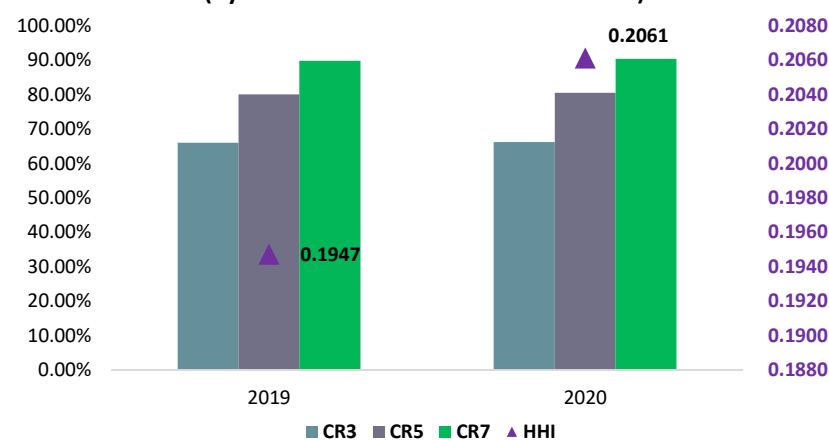
¹ For the monthly Industrial Production Index we have estimated a Hamilton-type Markov switching regression model with intercept and first AR lag changing between regimes.

Concentration risk

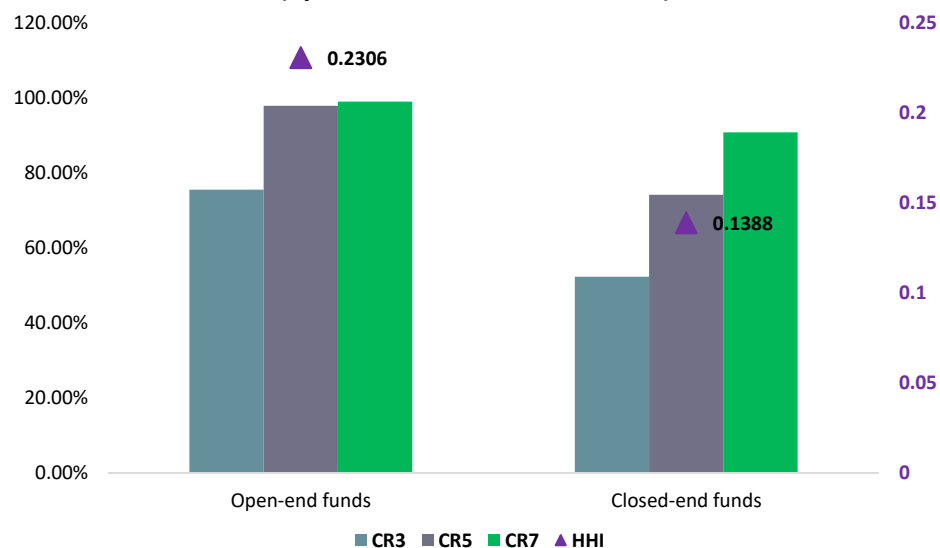
**Concentration risk of non-life insurance undertakings
(by value of GWP at 31 December 2020)**



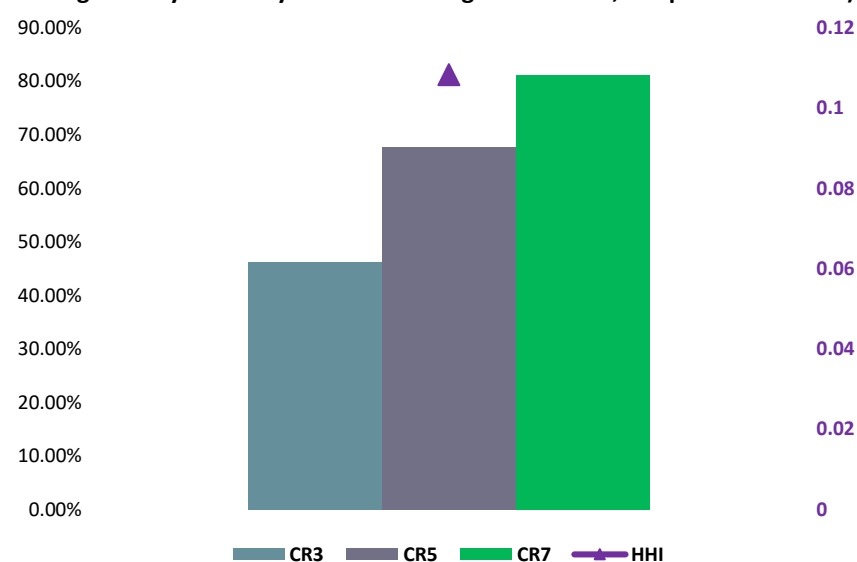
**Concentration risk of life insurance undertakings
(by value of GWP at 31 December 2020)**



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



**Concentration risk of intermediaries on the BSE (by value of transactions
during January-February 2021 – Main segment & MTS, all spot instruments)**

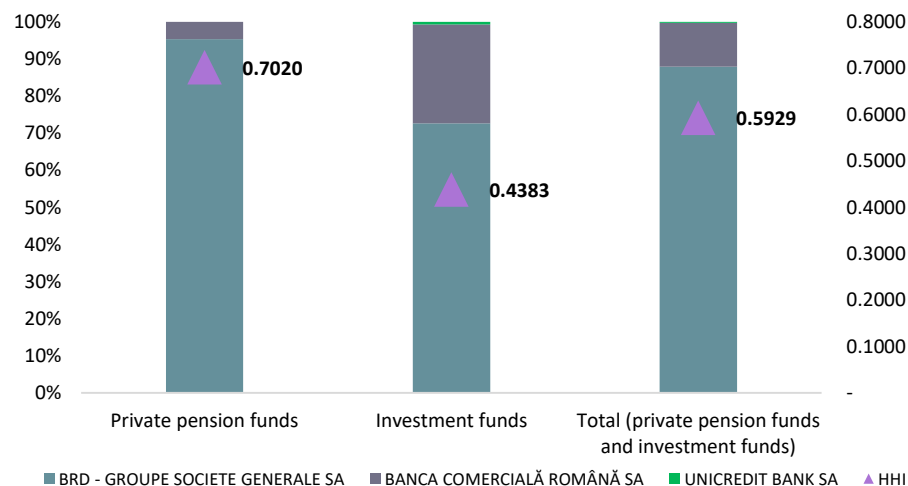


Source: FSA

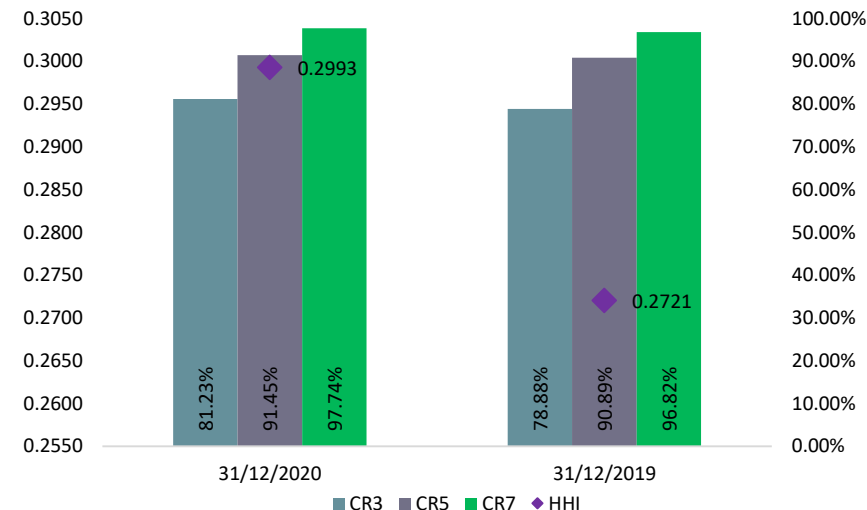
Source: FSA

Concentration risk

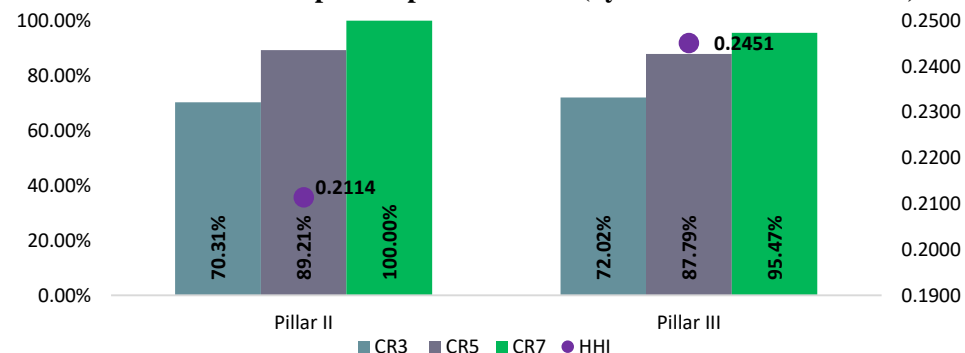
Concentration risk of depositaries of private pension funds and investment funds (by total assets at 12/31/2020)



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 3/31/2021)



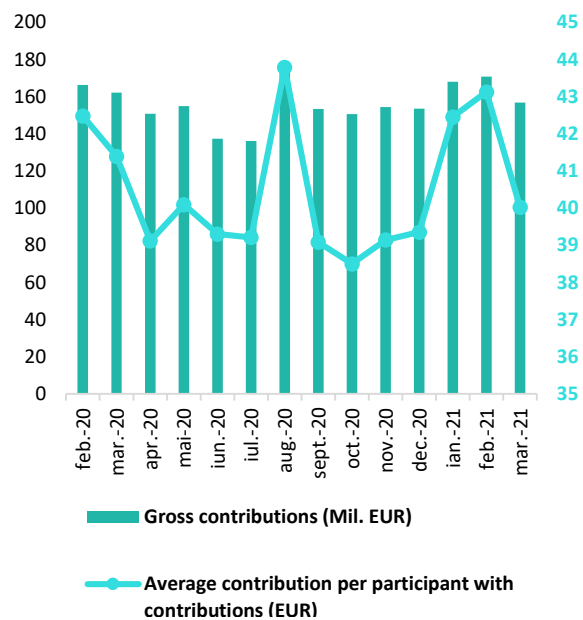
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high level, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar 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 31 March 2021 (EUR)	Participants (persons) March 2021	Rate of return March 2021
ARIPI*	1,455,098,388	796,410	6.46%
AZT VIITORUL TAU	3,512,898,369	1,618,361	0.00%
BCR	1,117,694,540	699,224	6.47%
BRD	640,404,732	483,680	0.00%
METROPOLITAN LIFE	2,264,986,868	1,072,743	6.09%
NN	5,676,100,939	2,045,244	6.00%
VITAL	1,624,476,862	962,496	6.29%
Total	16,291,660,697	7,678,158	n/a

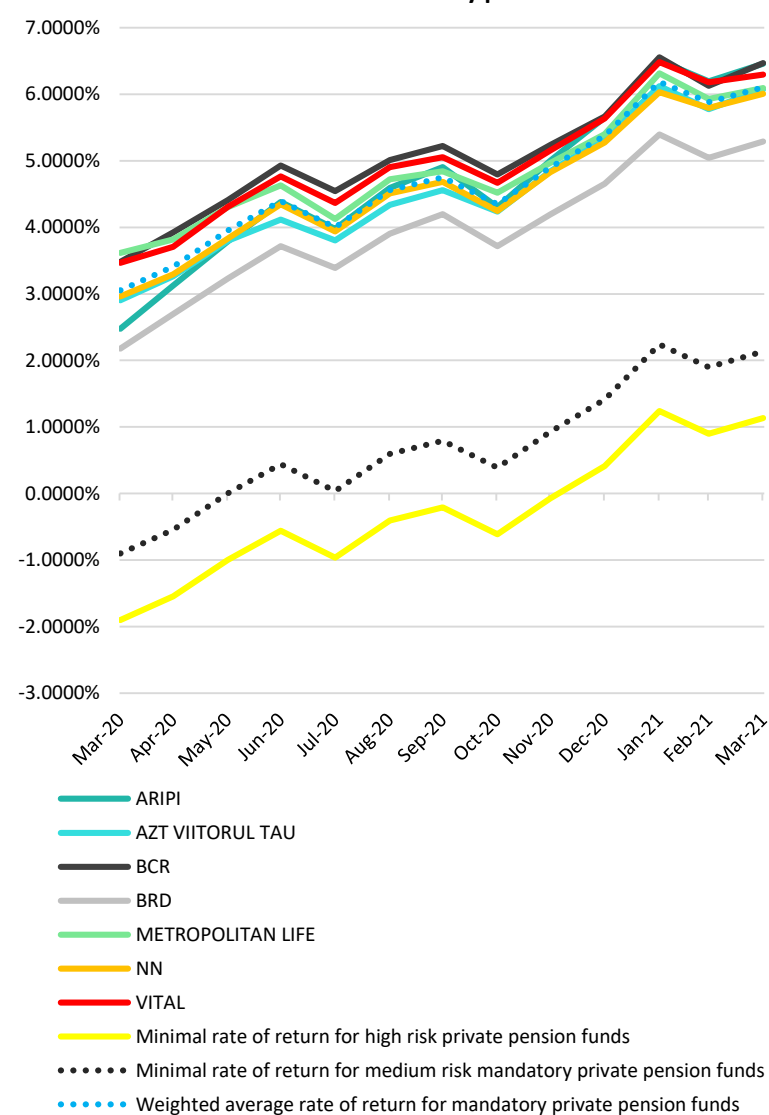
Evolution of gross contributions



New participants (persons) in 2nd Pillar

**14,653
persons**

Rate of return for mandatory pension funds



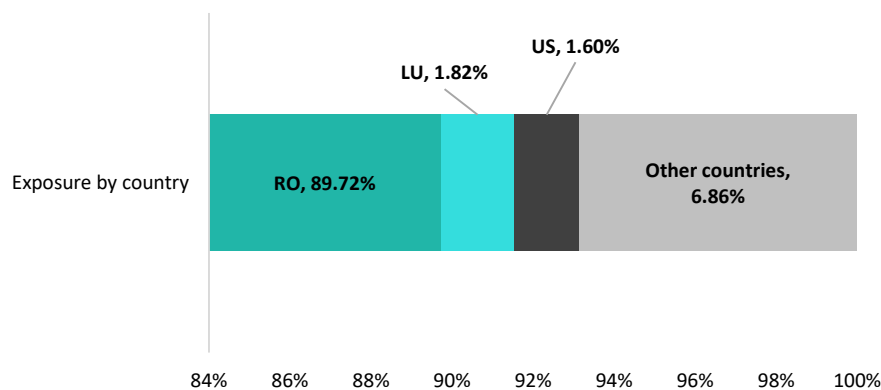
Source: FSA

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

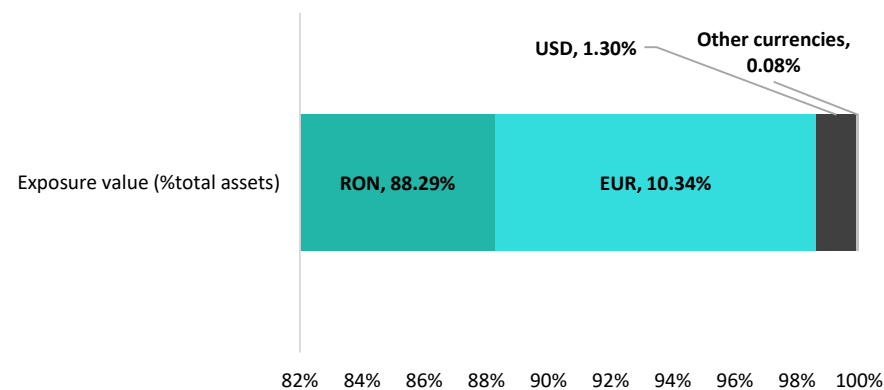
Mandatory pension fund's portfolio at 31 March 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,583,383,215	64.96%
Equity	3,875,038,194	23.79%
Corporate bonds	588,253,317	3.61%
Investment funds	513,425,240	3.15%
Bank deposits	339,077,065	2.08%
Supranational bonds	332,548,050	2.04%
Municipal bonds	38,988,169	0.24%
Metal funds	21,702,849	0.13%
Derivatives	(180,909)	-0.0011%
Other assets	(574,494)	-0.0035%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



Source: FSA

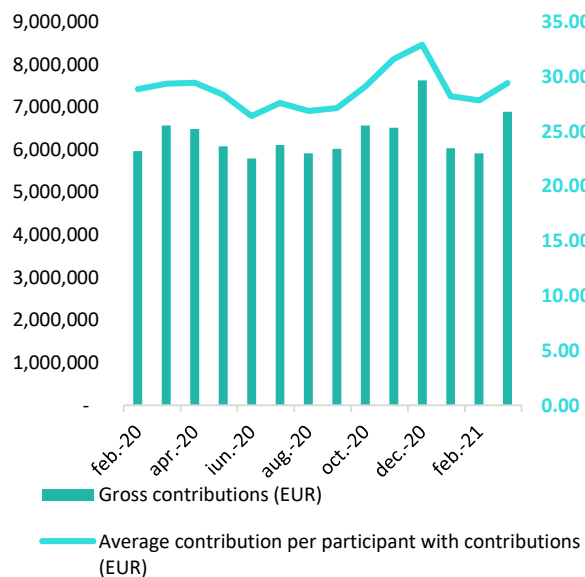
Total assets of the privately managed pension funds reached EUR 16.29 billion at the end of March 2021, registering an annual rate of growth of 33%. At the end of March 2021, the privately managed pension funds' investments were generally made locally, in a percentage of 90%, a large majority being denominated 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)

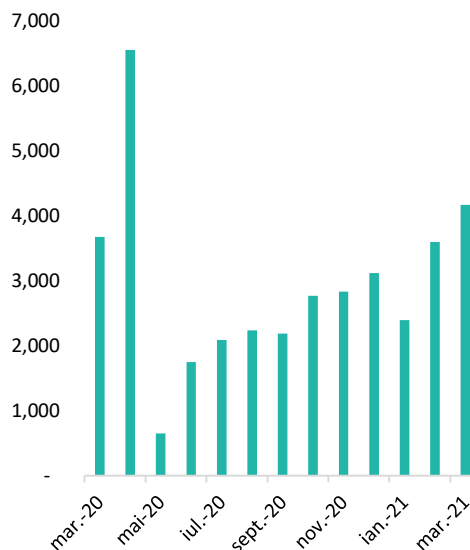
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 31 March 2021	Participants (persons) March 2021	Rate of return March 2021
AEGON ESENTIAL	2,068,758	3,888	8.9934%
AZT MODERATO	65,528,131	40,031	8.8587%
AZT VIVACE	24,472,699	20,292	10.0010%
BCR PLUS	111,427,891	139,443	8.1177%
BRD MEDIO	33,872,176	34,117	6.8531%
GENERALI STABIL	6,204,676	5,466	8.4811%
NN ACTIV	73,276,884	55,978	8.7582%
NN OPTIM	269,340,005	202,879	7.4850%
PENSIA MEA	20,279,606	17,742	6.6568%
RAIFFEISEN ACUMULARE	23,942,729	14,924	8.5032%
Total	630,413,554	534,760	n/a

Evolution of gross contributions

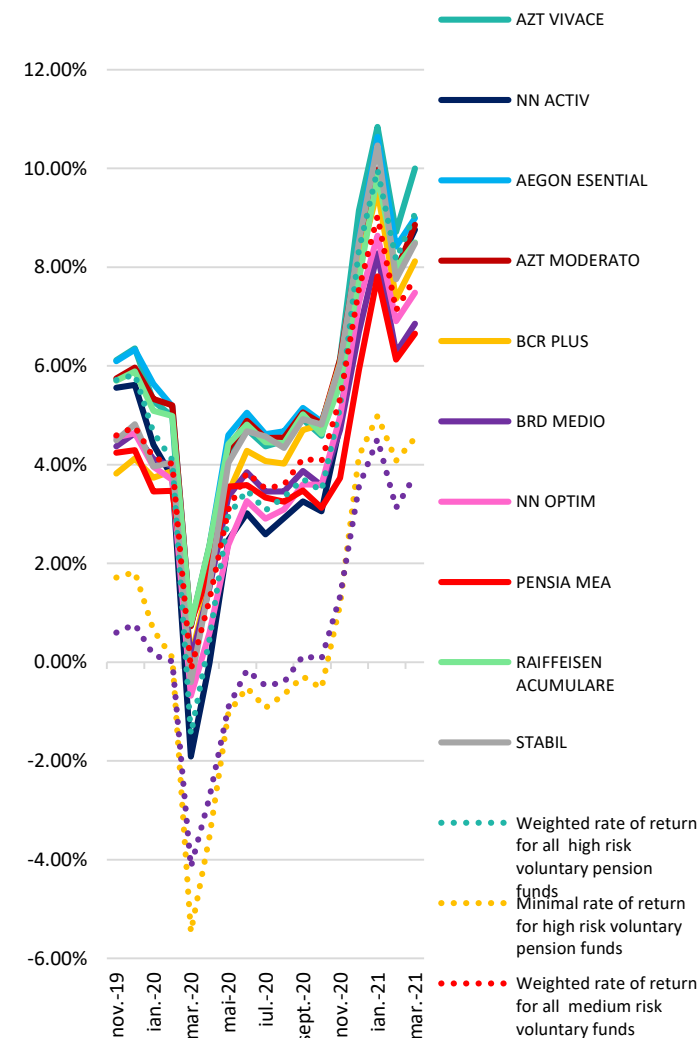


New participants in 3rd Pillar



Source: FSA

Rate of return for voluntary pension funds



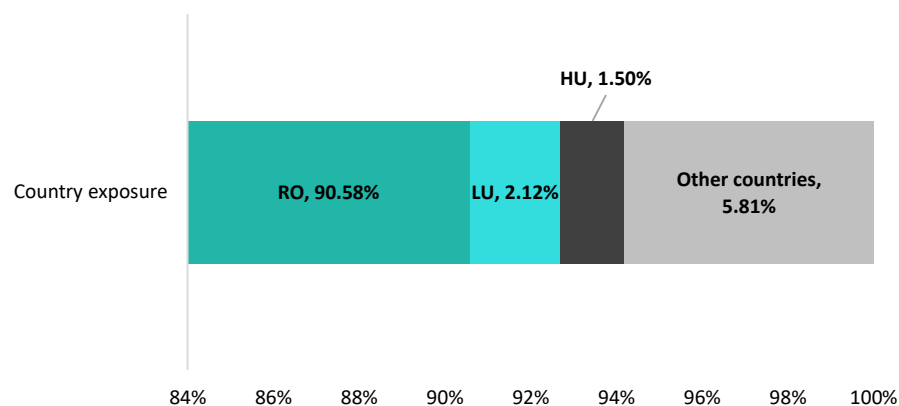
Current evolutions in optional private pension funds (3rd Pillar)

Optional pension fund's portfolio at 31 March 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	381,242,216	60.47%
Equity	171,362,890	27.18%
Corporate Bonds	21,944,450	3.48%
Investment Funds	18,958,494	3.01%
Supranational Bonds	15,660,654	2.48%
Bank Deposits	13,799,708	2.19%
Municipal Bonds	4,893,605	0.78%
Metal funds	2,205,396	0.35%
Oher assets	346,142	0.05%

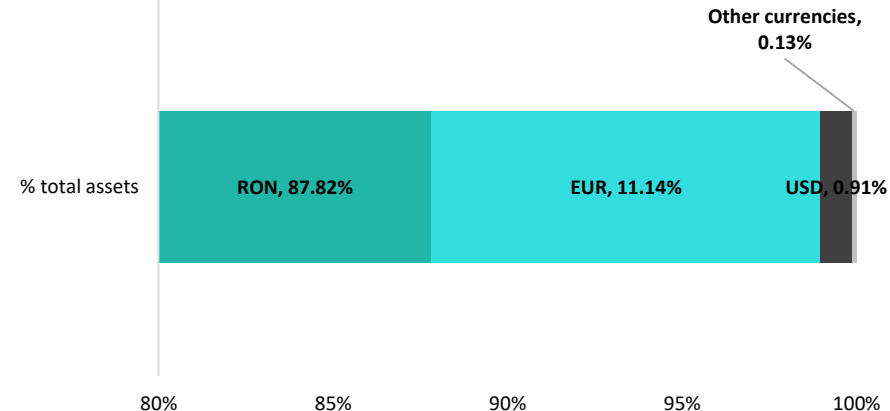
Source: FSA

Country exposure of optional fund's assets



Source: FSA

Currency exposure of optional fund's assets

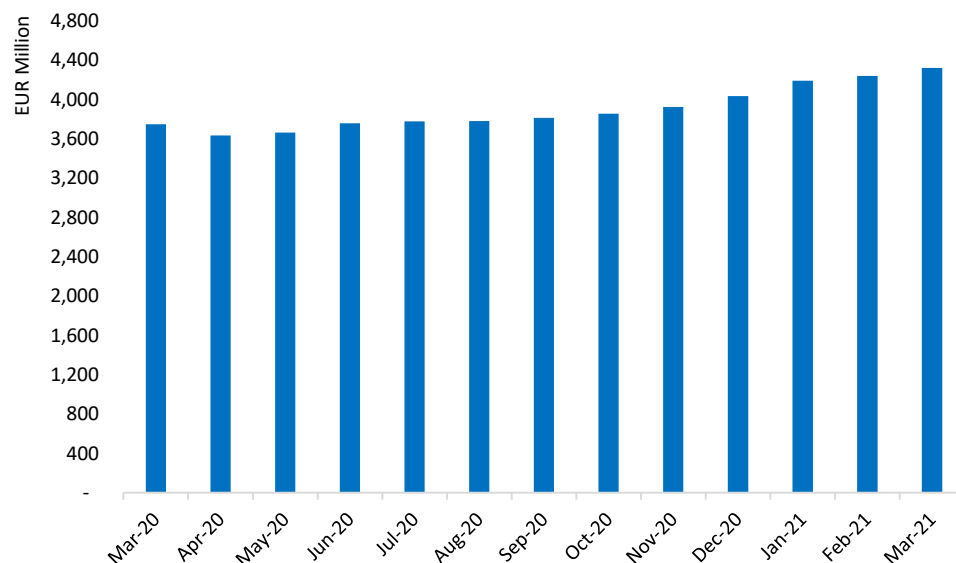


Source: FSA

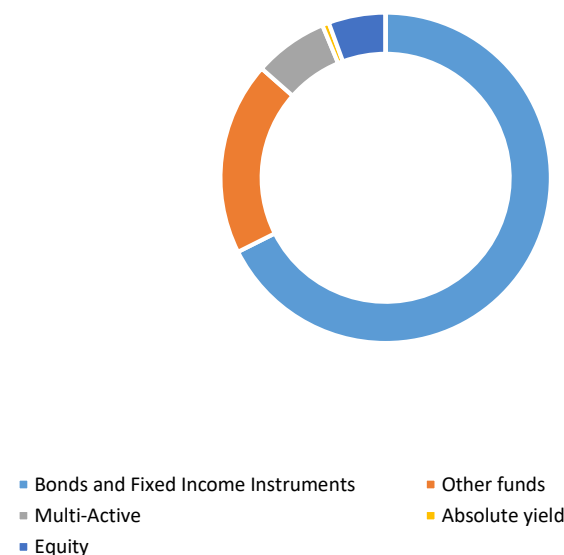
Total assets of the voluntary pension funds, at the end of March 2021, was EUR 630 million, registering an annual rate of growth of 30%. At the end of March 2021, the voluntary pension funds' investments were generally made locally, in a percentage of 91%, a large majority being denominated in lei.

Specific developments in the investment funds sector

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



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



Source: AAF

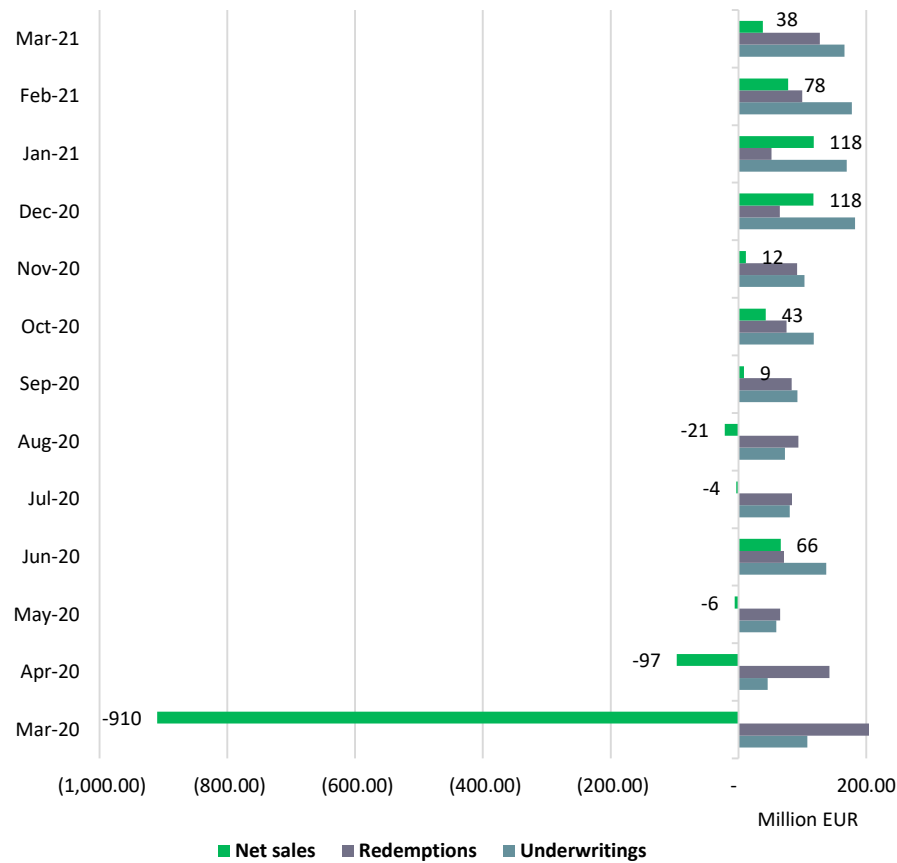
According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 4.32 billion in March 2021, an increase of approximately 2% compared to the previous month. Net assets of all categories of investment funds increased in March 2021 compared to the previous month.

In March 2021, *open-end bond and fixed income instruments funds* hold the largest share in total net assets of OeIF (around 68%²), while the "*other funds*" category has a market share of approximately 19%.

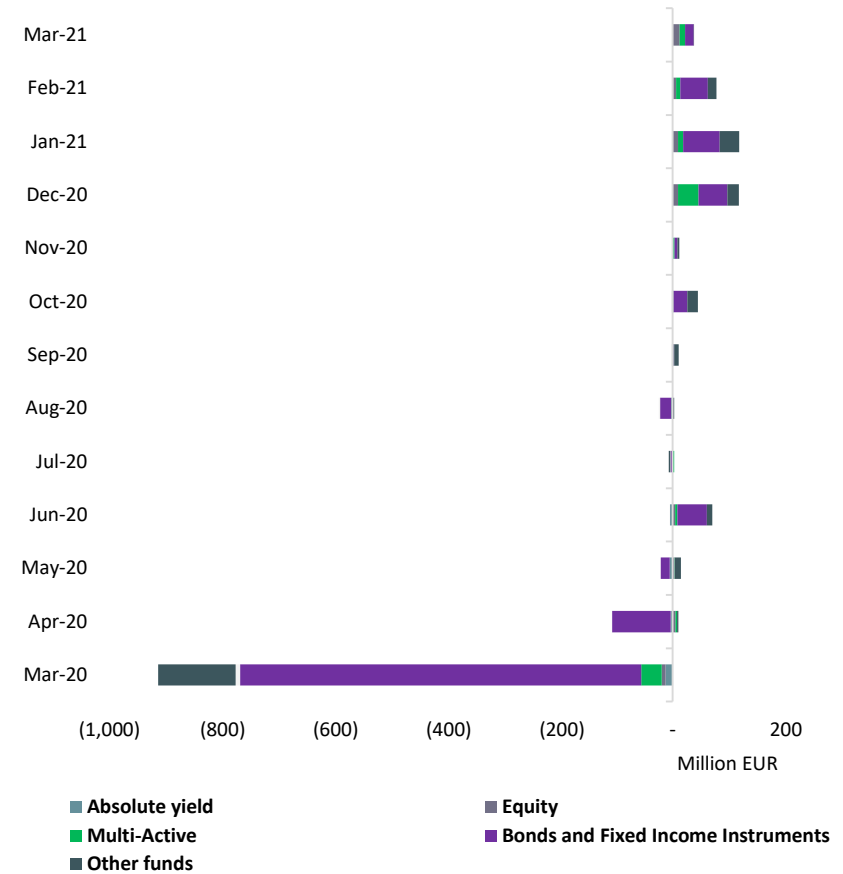
² There was a change in Open end investment funds' classification

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)**



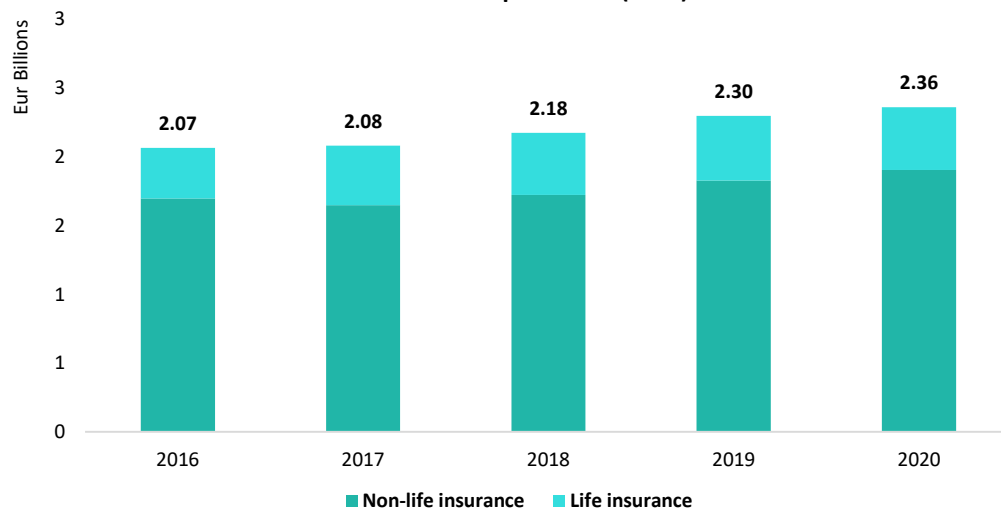
Source: AAF

In March 2021, local open-end investment funds recorded net inflows of EUR 38 million. Net inflows of bonds and fixed income instruments funds amounted to EUR 15 million, while the equity funds recorded net inflows of EUR 12 million.

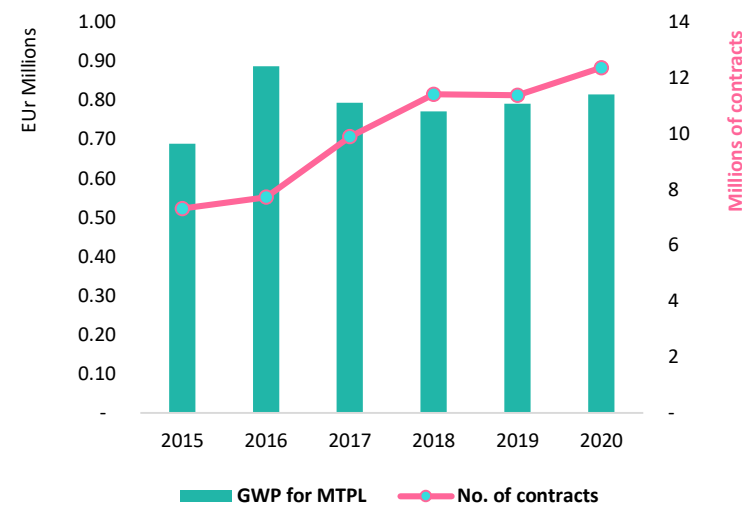
Specific developments in the insurance market in Romania

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

Gross written premiums (total)

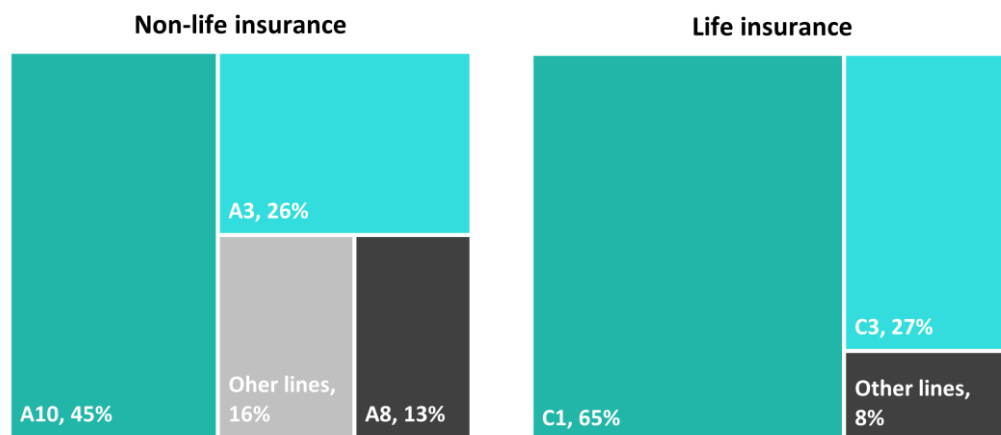


MTPL gross written premiums



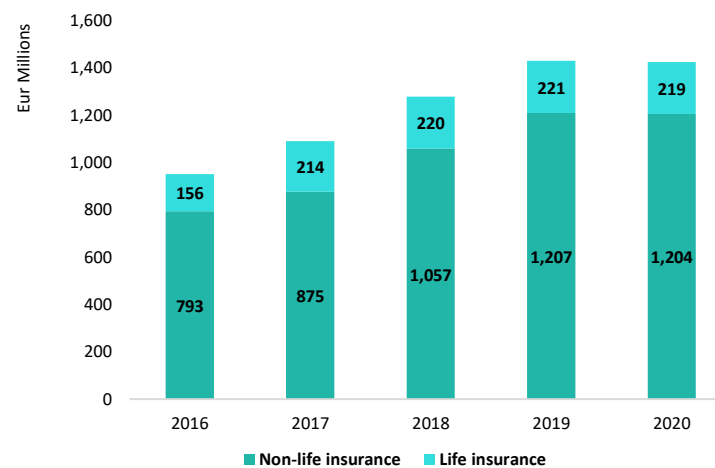
Source: FSA

Share of main insurance classes by GWP



Source: FSA

Gross claims paid

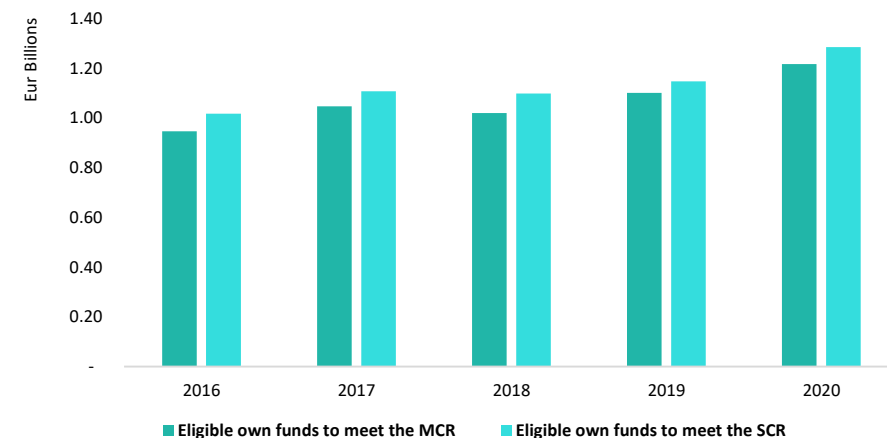


Specific developments in the insurance market in Romania

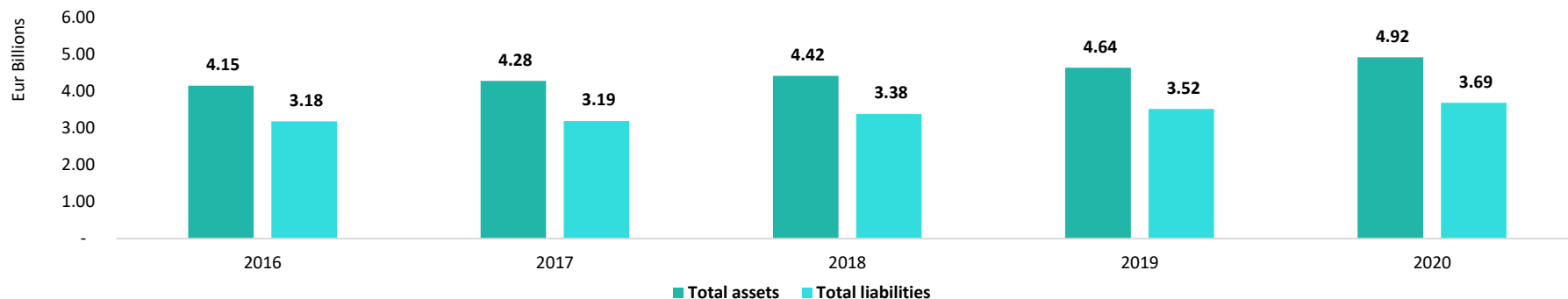
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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 March 2021

ESMA	<ul style="list-style-type: none"> • 3 March: ESMA proposes improvements to Transparency Directive after Wirecard case. • 17 March: ESMA publishes Trends, Risks and Vulnerabilities Report of 2021. • 24 March: ESMA consults on simplified supervisory fees for trade repositories. • 24 March: ESMA assesses the compliance with UCITS liquidity rules and highlights areas for vigilance. • 26 March: ESMA consults on the framework for the EU Money Market Funds. • 26 March: ESMA advises on framework for data reporting service providers. • 29 March: ESMA advises the EC on the application of sanctions under MiFID II/MiFIR.
EIOPA	<ul style="list-style-type: none"> • 1 March: EIOPA launches a European-wide comparative study on non-life underwriting risk in internal models. • 26 March: EIOPA consults on revised Guidelines on the use of the Legal Entity Identifier.
ESAs	<ul style="list-style-type: none"> • 17 March: ESAs consult on taxonomy-related product disclosures. • 26 March: ESAs publish Joint Opinion on jurisdictional scope under the Securitisation Regulation.
IOSCO	<ul style="list-style-type: none"> • 5 March: IOSCO reviews implementation of liquidity risk Management recommendations and market participants' responses to COVID-19 induced market stresses. • 24 March: IOSCO issues a statement on going concern assessments and disclosures during the COVID-19 pandemic.
ECB	<ul style="list-style-type: none"> • 11 March: ECB keeps its monetary policy unchanged.