

Monthly Market Report

The gross domestic product in Romania increased by 5.3% in the fourth quarter of 2020 compared to the previous quarter, but compared to the same quarter of the previous year, it registered a decrease of 1.7%.

FSA No
2/02.25.2021

- The annual rate of CPI inflation stood at 2.99% in January 2021 in Romania, a higher value compared to that recorded in December (2.06%).
- Seasonally adjusted unemployment rate in Romania stood at 4.9% in December 2020, down 0.2 pp from the previous month (5.1%).
- The industrial production index reverted to a low volatility regime as Romanian economy rebounded sharply after two quarters of negative growth.

World Macroeconomic Outlook

According to data published by Eurostat, in the fourth quarter of 2020, 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 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 (-11.7% in the euro area and -11.4% in the EU), followed by robust economic recovery in the third quarter of 2020 (+12.4% in the euro area and +11.5% in the EU). Compared to the same period of the previous year, seasonally adjusted GDP fell by 5.0% in the euro area and by 4.8% in the EU in the fourth quarter of 2020. Romania's GDP increased by 5.3% in the fourth quarter of 2020 compared to the previous quarter, but compared to the same quarter of the previous year, it decreased by 1.7%.

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 the next year, NCSP estimates a recovery of the Romanian economy, with an advance of 4.3%.

GDP development in 2019-2020

Country	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	European Commission		IMF	
										2020f	2021f	2020f	2021f
Euro area	1.5	1.3	1.4	1.0	1.3	-3.2	-14.7	-4.3	-5.0	-6.8	3.8	-7.2	4.2
Germany	1.1	0.1	0.8	0.4	0.6	-2.2	-11.3	-4.0	-3.9	-5.0	3.2	-5.4	3.5
Spain	2.2	2.1	1.8	1.7	2.0	-4.2	-21.6	-9.0	-9.1	-11.0	5.6	-11.1	5.9
France	1.8	1.8	1.6	0.8	1.5	-5.7	-18.8	-3.9	-5.0	-8.3	5.5	-9.0	5.5
Italy	0.3	0.4	0.5	0.1	0.3	-5.6	-18.1	-5.1	-6.6	-8.8	3.4	-9.2	3.0
Bulgaria	4.2	3.8	3.3	3.1	3.7	2.3	-8.6	-5.2	-3.8	-4.9	2.7	-4.0	4.1
Croatia	4.0	2.5	2.7	2.5	2.9	0.3	-15.5	-10.0	-	-8.9	5.3	-9.0	6.0
Hungary	5.1	4.7	4.4	4.0	4.6	1.9	-13.7	-4.8	-4.3	-5.3	4.0	-6.1	3.9
Poland	5.3	4.7	4.4	3.9	4.5	1.9	-8.0	-1.8	-2.8	-2.8	3.1	-3.6	4.6
Romania	5.4	3.6	3.4	4.4	4.1	2.6	-10.2	-5.6	-1.7	-5.0	3.8	-4.8	4.6

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 – January 2021, IMF

Turnover from market services provided mainly to enterprises increased in December 2020 in Romania compared to the same period of the previous year by 11.7% as gross series, and by 9.4% as seasonally adjusted series. The highest increase was registered in the activities of information services and information technology (+22.0%) followed by the transport activities (+15.2%), the activities in film production, video, television programs, broadcasting and transmission of programs (+12.0%), the communications activities (+10.7%) and other services provided mainly to enterprises (+6.5%).

The annual rate of CPI inflation stood at 2.99% in January 2021 in Romania, a higher value compared to December 2020 (+2.06%). The increases in prices of non-food goods (3.25%) and food goods (2.88%) had the most significant contribution to the annual inflation rate.

In Romania, the industrial production increased by 2.6% as gross series and by 1.6% as seasonally adjusted series in December 2020 compared to December 2019. The most significant increases were recorded by the manufacturing industry (+2.8%) and the production and supply of electricity and heat, gas, hot water and air conditioning (+3.8%). The most affected industrial sector was the extractive industry (-3.8%: gross series).

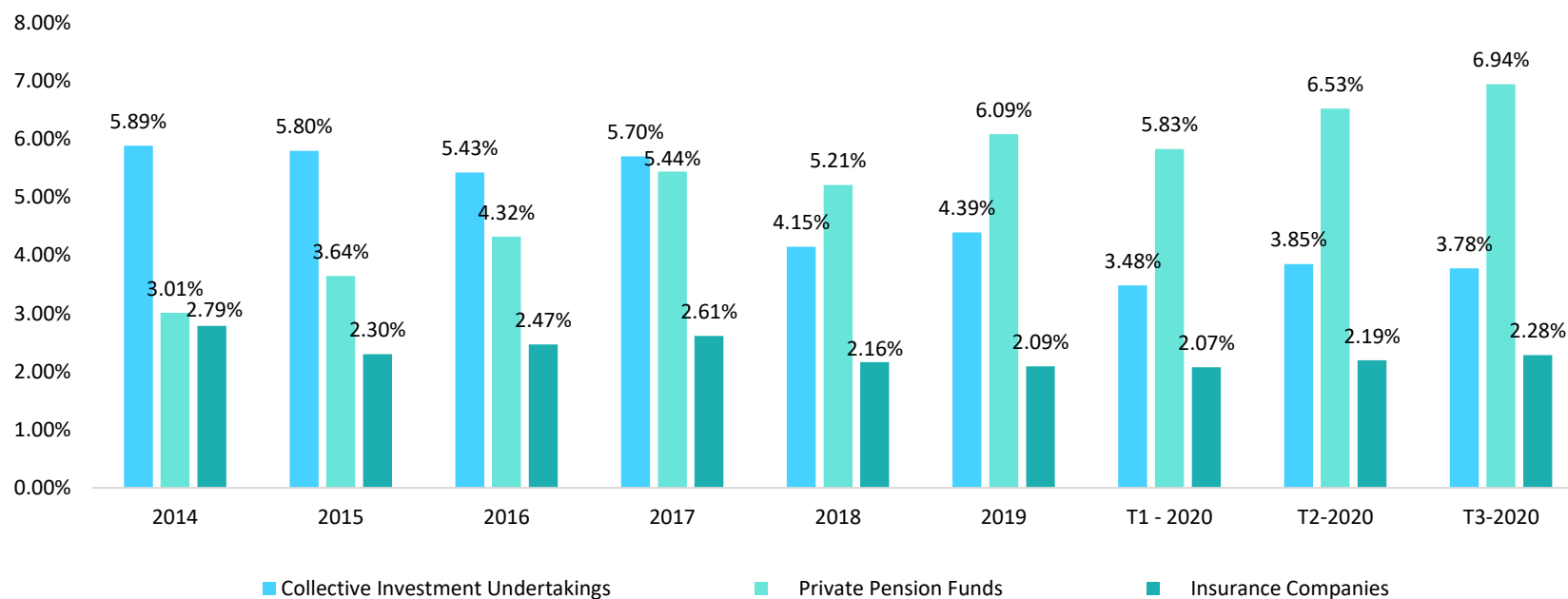
The volume of construction works increased in Romania by 12.6% as gross series, respectively by 16.5% as seasonally adjusted series in December 2020 compared to the similar period of the previous year. The most significant increases were registered by the volume of capital repair works (+24.2%), followed by new construction works (+19.0%), while the maintenance and current repairs decreased by 8.6%. By construction objects, the volume of engineering construction works increased by +22.5% and the residential buildings recorded an increase of +14.5% as gross series, while non-residential buildings decreased by 0.7%.

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	Q1 2020	Q2 2020	Q3-2020
Banking financial system (% GDP)	60.53%	58.59%	56.18%	60.24%	51.09%	50.34%	52.04%	53.37%	55.20%
Non-banking financial system (% GDP)	11.69%	11.74%	12.21%	13.75%	11.53%	12.57%	11.39%	12.57%	13.00%
Collective Investment Undertakings	5.89%	5.80%	5.43%	5.70%	4.15%	4.39%	3.48%	3.85%	3.78%
Private Pension Funds	3.01%	3.64%	4.32%	5.44%	5.21%	6.09%	5.83%	6.53%	6.94%
Insurance Companies	2.79%	2.30%	2.47%	2.61%	2.16%	2.09%	2.07%	2.19%	2.28%

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



Source: NBR, NIS, FSA

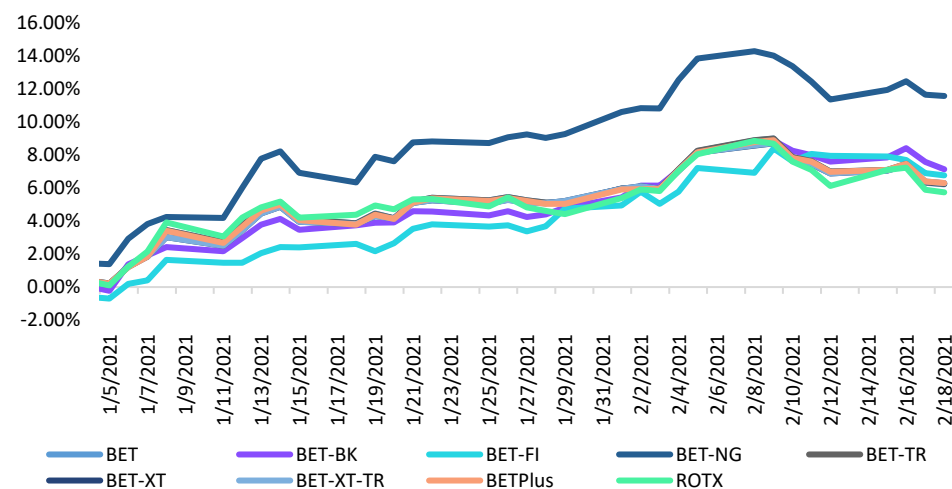
Current trends and headlights on Romanian markets

Romanian stock indices evolution in 2021 (30.12.2020 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
2/18/2021	6.23%	7.15%	6.78%	11.58%	6.24%

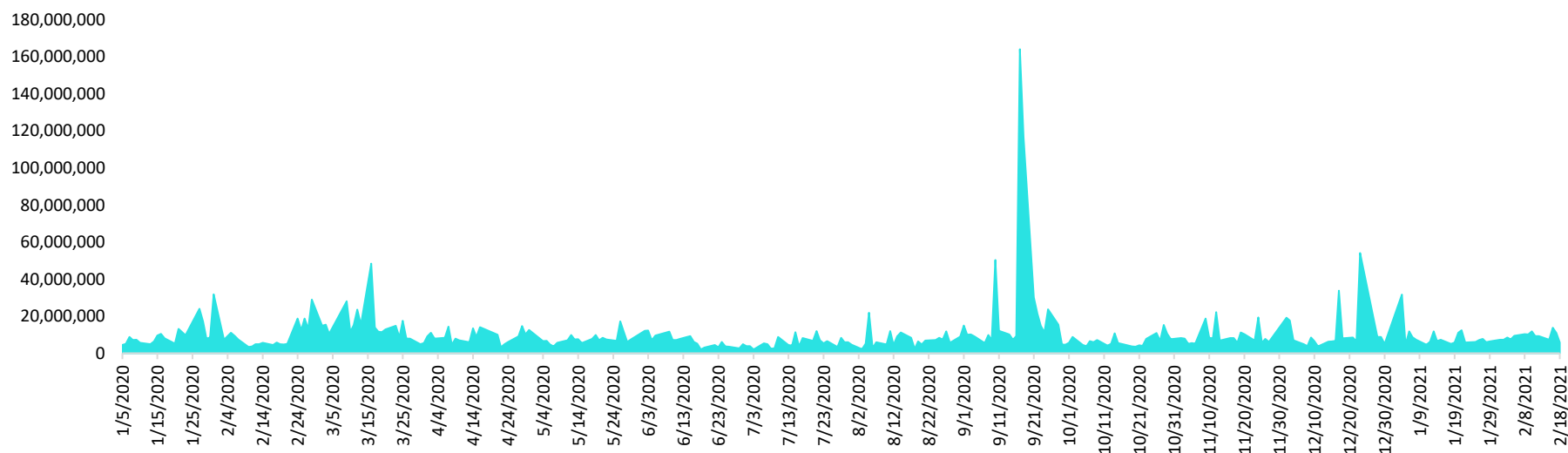
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
2/18/2021	6.28%	6.30%	6.30%	5.75%

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	137.5	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) recorded a value of EUR 1.9 billion in January-December 2020 (compared with EUR 4.8 billion 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 10.98 billion in 2020, compared to EUR 10.48 billion in 2019.

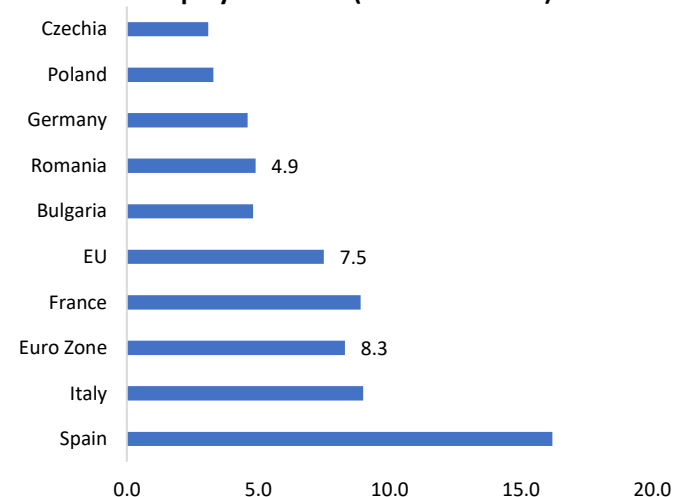
The evolution of the current account was accompanied by an increase in total external debt by EUR 15.67 billion in January - December 2020 to EUR 125 billion.

The seasonally adjusted unemployment rate in the euro area was 8.3%, while the EU unemployment rate was 7.5% in December 2020, values similar to those recorded in the previous month.

The seasonally adjusted unemployment rate in Romania was 4.9% in December 2020, down 0.2 pp from the previous month (5.1%), according to data published by NIS.

At local level, the trend is maintained, according to which the unemployment rate among men (5.1%) is higher than the unemployment rate for women (4.6%).

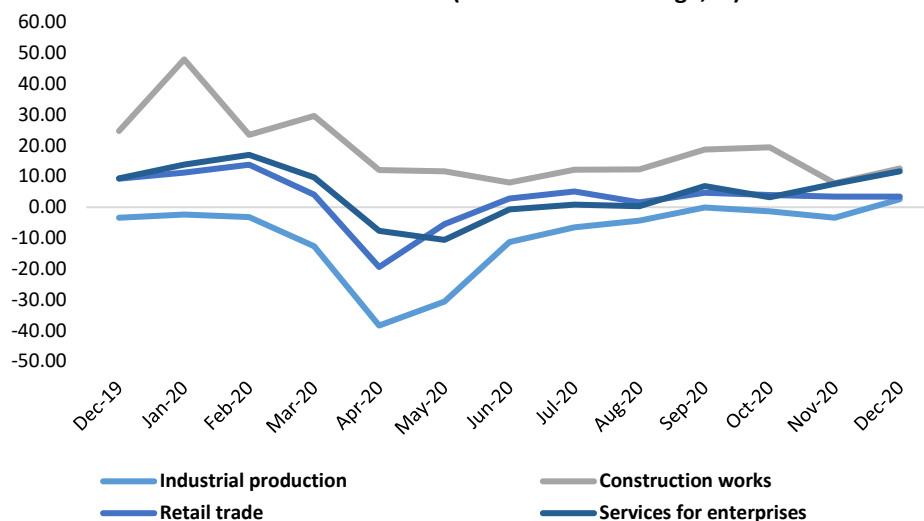
Unemployment rate (December 2020)



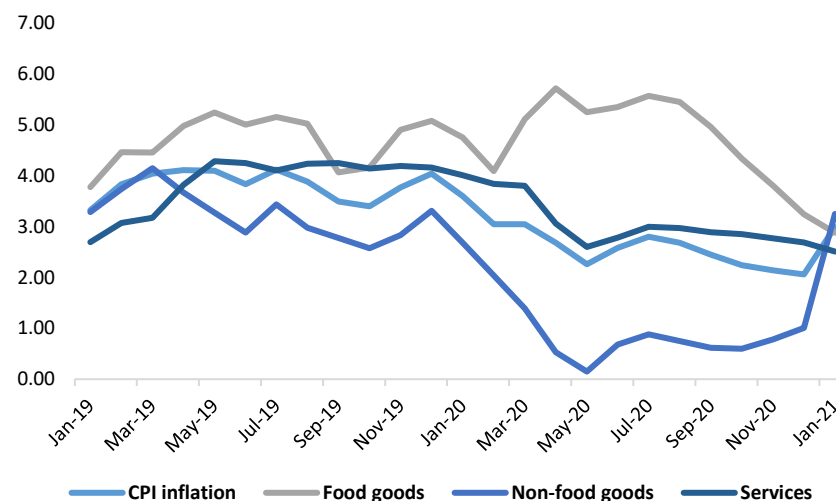
Source: Eurostat

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

Main sector indicators (annual rate of change, %)

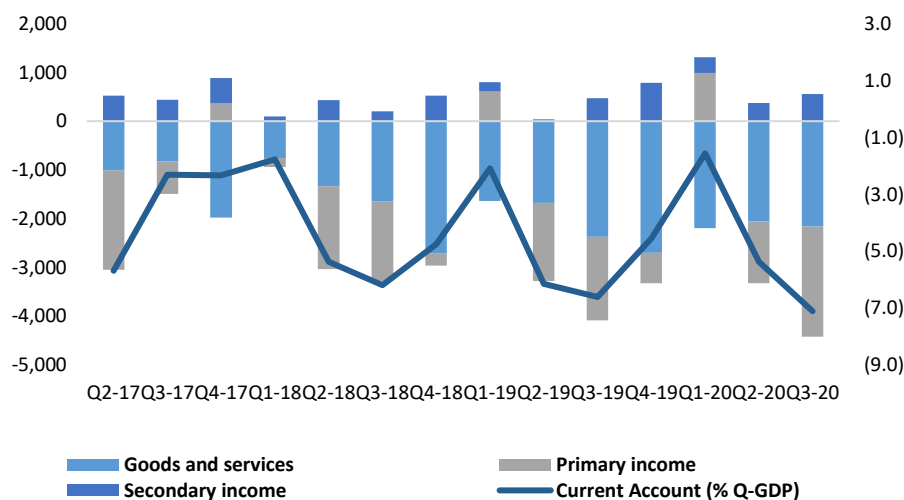


Inflation, monthly data (annual rate of change)



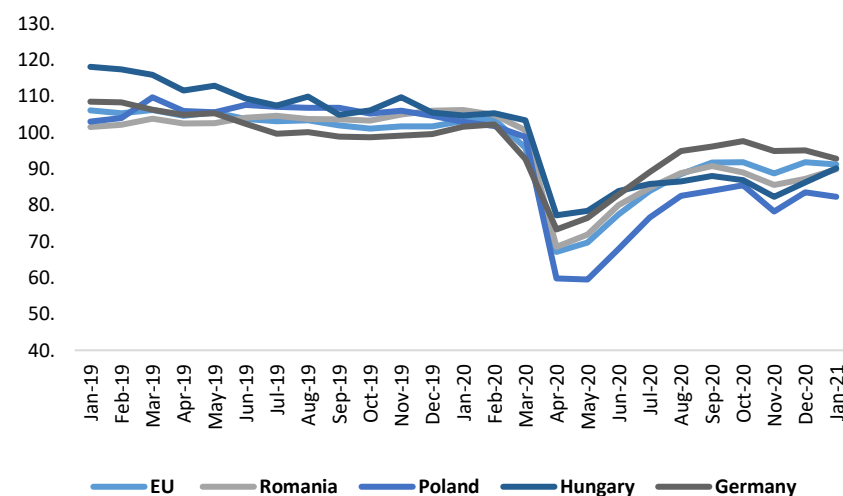
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

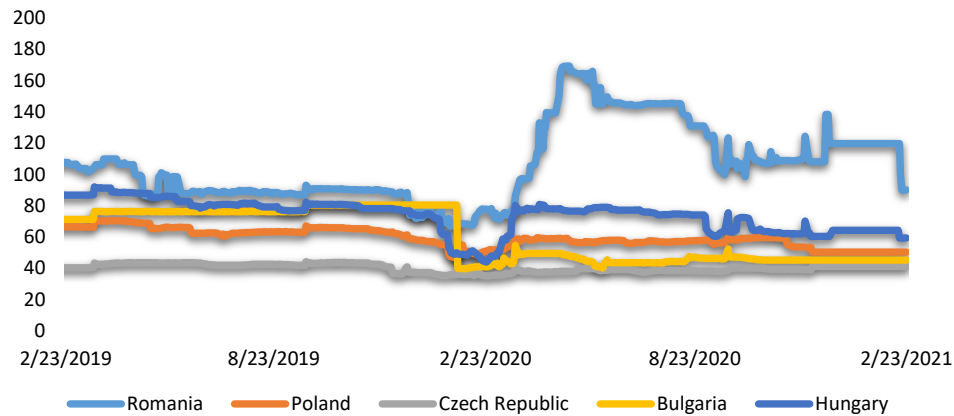
The economic sentiment index in EU



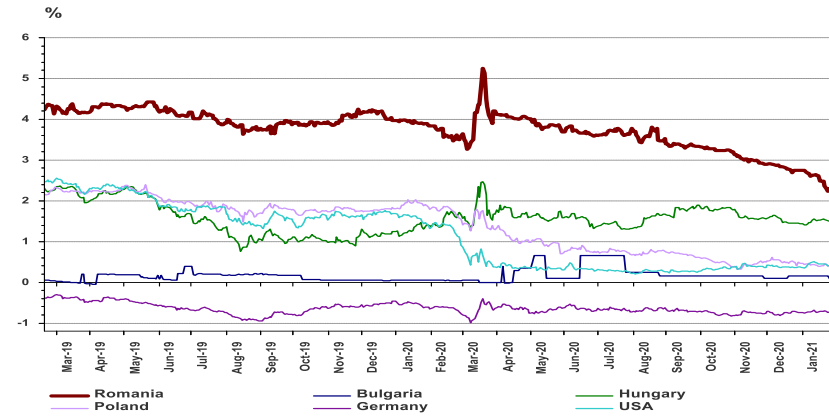
Source: Eurostat

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

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



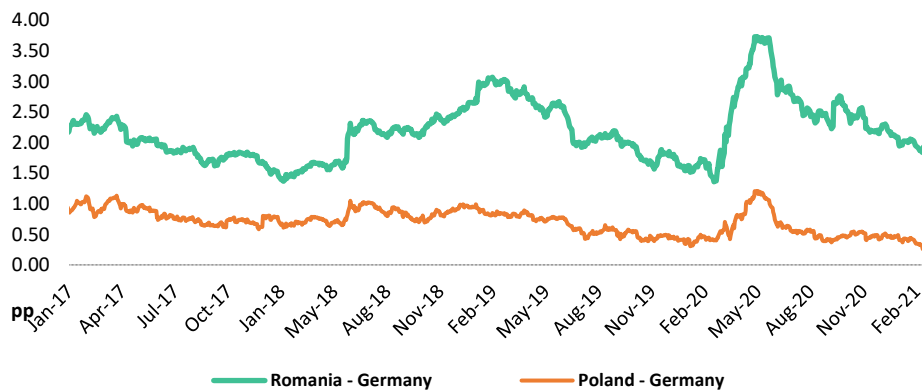
Government bond yields (5Y, LC)



Source: Datastream

Romania 5 - year bond yields decreased by 11% in January 2021 as compared with the previous month, reaching an average value of 2.51%, while Bulgaria 5 – year bond yields increased to an average value of 0.14%. Germany 5 – year bond yields remained negative, at very low levels (average value of -0.73% in January 2021).

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



Source: Datastream, FSA's calculations

Romania CDS quotations increased by 2.3% in January 2021 compared with the previous month, reaching an average value of 119.81 bp. At the end of December 2020, there is a decrease in the spread between Romanian and German government bonds (10Y), but it begins to be on an upward trend since the month of January 2021.

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

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-1.45%	17.55%	12.36%
FR (CAC 40)	-2.74%	17.52%	12.87%
DE (DAX)	-2.08%	16.24%	9.09%
IT (FTSE MIB)	-2.97%	20.23%	12.99%
GR (ASE)	-7.36%	31.60%	21.35%
IE (ISEQ)	-4.46%	9.64%	15.54%
ES (IBEX)	-3.92%	20.23%	12.80%
UK (FTSE 100)	-0.82%	14.89%	8.64%
US (DJIA)	-2.04%	13.14%	13.45%
IN (NIFTY 50)	-2.48%	17.11%	23.13%
SHG (SSEA)	0.29%	8.03%	5.23%
JPN (N225)	0.80%	20.40%	27.42%

The European indices have recorded negative developments (1M). The most significant decrease was recorded by ASE index (GR: -7.36%), followed by ISEQ index (IE: -4.46%).

The main American and Asian indices showed mixed evolutions. Therefore, the most significant increase was registered by the N225 index (JPN: +0.80%), while the most significant decrease was registered by NIFTY 50 index (IN: -2.48%).

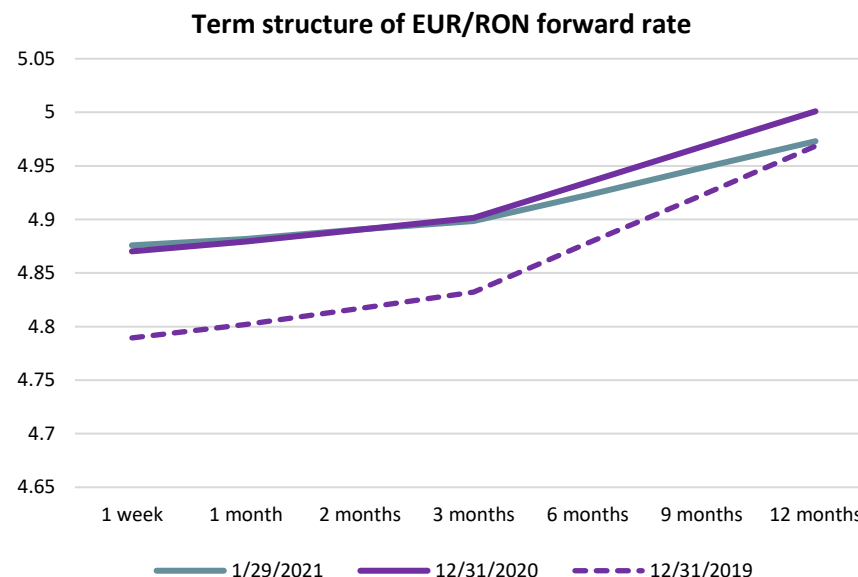
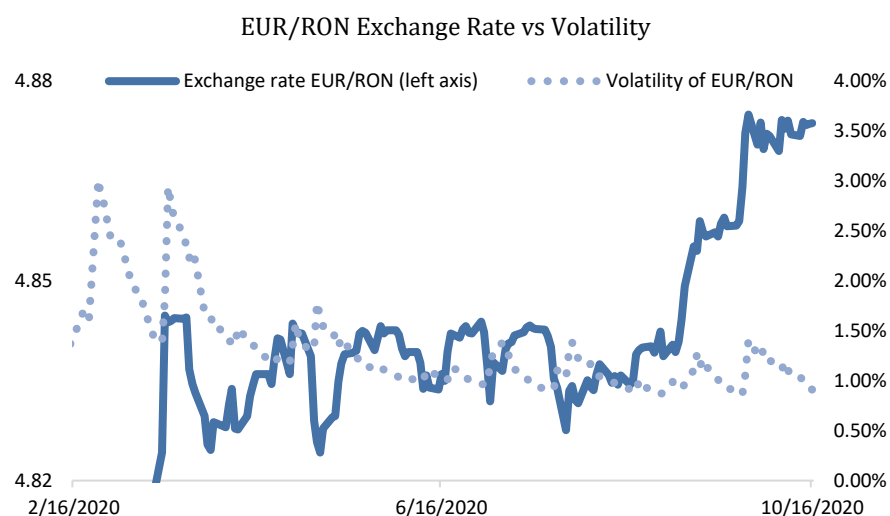
BSE indices	1 M	3 M	6 M
BET	5.11%	21.10%	23.02%
BET-BK	4.81%	20.76%	18.97%
BET-FI	4.76%	15.48%	7.08%
BET-NG	9.27%	20.52%	19.44%
BET-TR	5.10%	21.26%	24.22%
BET-XT	5.22%	20.37%	19.84%
BET-XT-TR	5.22%	20.50%	21.01%
BETPlus	5.05%	20.75%	22.51%
ROTX	4.42%	25.48%	24.59%

The BSE stock indices have recorded positive developments (1M). The best performer was BET-NG index which increased by 9.27% in January, while the least performing was ROTX index which increased by 4.42%.

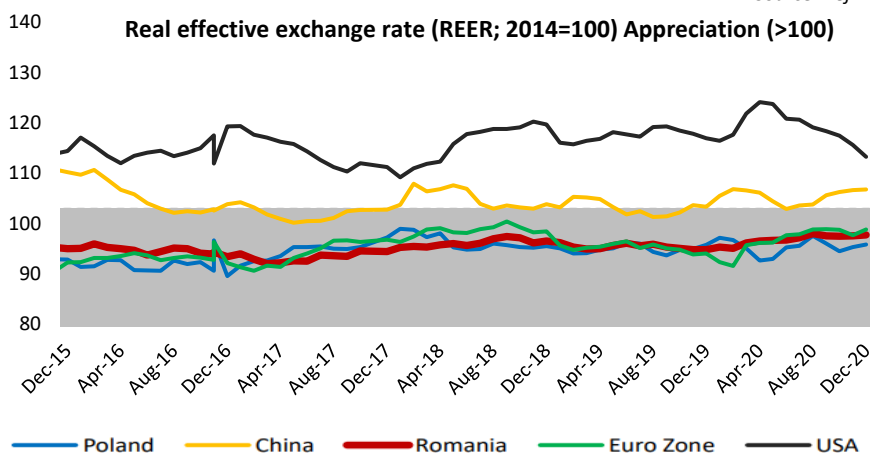
Source: Datastream, FSA's calculations

Note: 1M=01/29/2021 vs. 12/31/2020; 3M=01/29/2021 vs. 10/30/2020; 6M=01/29/2021 vs. 07/31/2020

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



Source: Refinitiv, FSA's calculations



Source: BIS, FSA's calculations

The EUR / RON exchange rate remained in the range of 4.83-4.84 between May and July 2020, while volatility fell below 2%. We forecast that the depreciation trend will continue to 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. The exchange rate depreciated rapidly in September 2020 due to the increase in the budget deficit to 11%. The exchange rate has been kept stable since the beginning of the year by the Central Bank around 4.87 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 due to the outbreak of the COVID-19 pandemic due to 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.

The contagion has reached its peak point in March and then it has begun to decrease in April and May. Between June-October, the spillover has exhibited a downward trend with a mean-reverting behavior. Starting January 2021 the spillover trended downward mainly due to the vaccination program across European countries.

Liquidity risk on Romanian Stock Exchanges

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

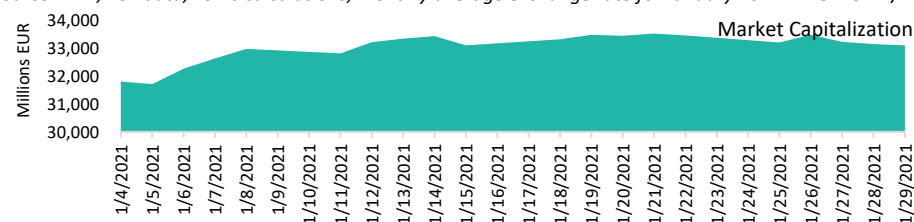
Week/month	No. of transactions	Volume	Value	
			EUR	%
Total 04-08 January 2021	19,030	545,200,966	63,907,502	36.79%
Total 11-15 January 2021	22,303	136,366,531	36,487,913	21.00%
Total 18-22 January 2021	20,365	153,155,286	40,097,137	23.08%
Total 25-29 January 2021	20,399	97,007,616	33,226,125	19.13%
Total January 2021	82,097	931,730,399	173,718,678	100.00%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for January 2021 = 4.8728 LEI/EUR

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

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
CEON	154,779	0.12%	25,112,987	72.18%	25,267,766	15.75%
TLV	23,469,944	18.88%	1,321,622	3.80%	24,791,567	15.46%
FP	18,714,863	15.06%	0	0.00%	18,714,863	11.67%
SNP	12,533,022	10.08%	812,674	2.34%	13,345,696	8.32%
TGN	7,376,294	5.93%	2,670,274	7.67%	10,046,568	6.26%
BRD	8,582,722	6.90%	779,839	2.24%	9,362,561	5.84%
SNN	7,778,451	6.26%	78,349	0.23%	7,856,801	4.90%
SNG	7,478,587	6.02%	0	0.00%	7,478,587	4.66%
SIF2	3,038,455	2.44%	2,398,259	6.89%	5,436,714	3.39%
M	4,405,842	3.54%	143,365	0.41%	4,549,207	2.84%
EL	3,576,502	2.88%	0	0.00%	3,576,502	2.23%
TRP	3,047,612	2.45%	0	0.00%	3,047,612	1.90%
EBS	3,024,135	2.43%	0	0.00%	3,024,135	1.89%
TEL	2,141,405	1.72%	0	0.00%	2,141,405	1.34%
SIF5	1,531,768	1.23%	507,684	1.46%	2,039,451	1.27%
Top 15 Total					87.70%	

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for January 2021 = 4.8728 LEI/EUR

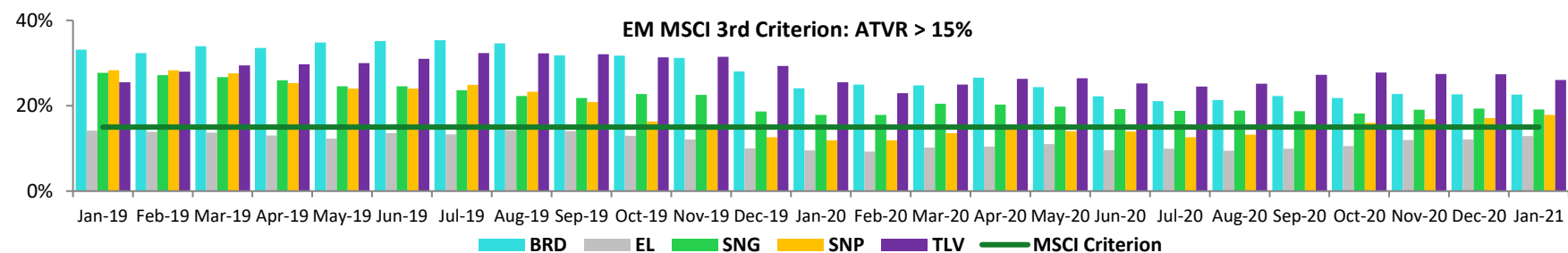
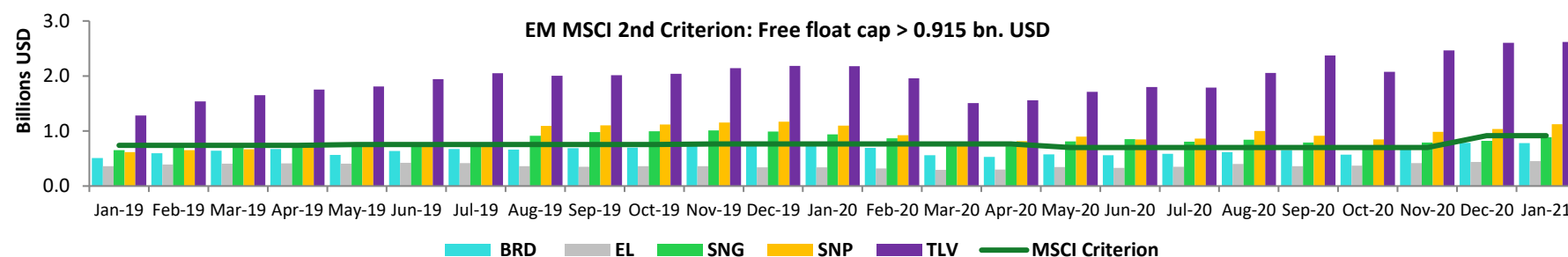
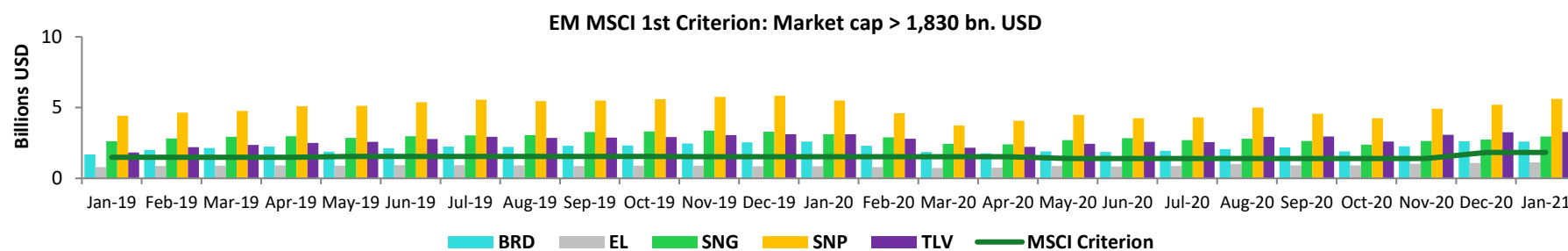


Source: BSE

Top of intermediaries during January 2021

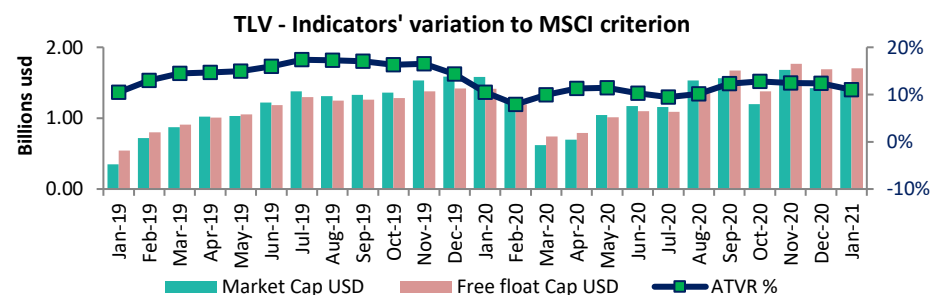
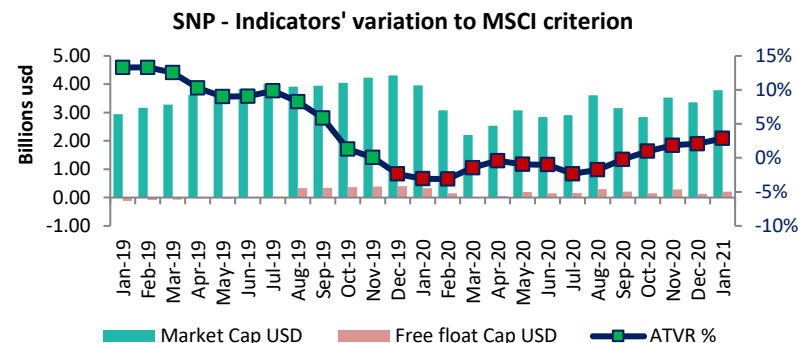
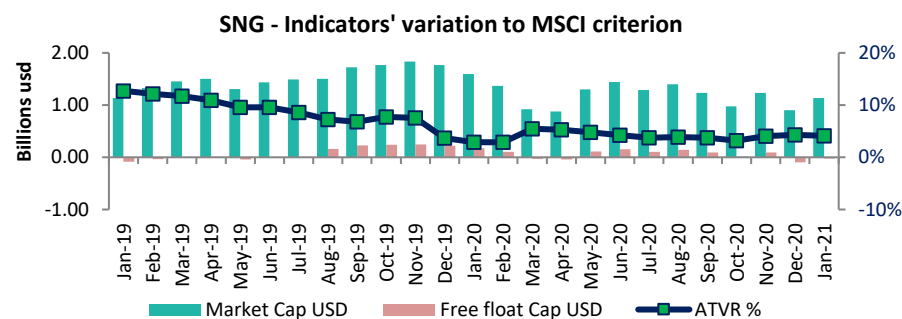
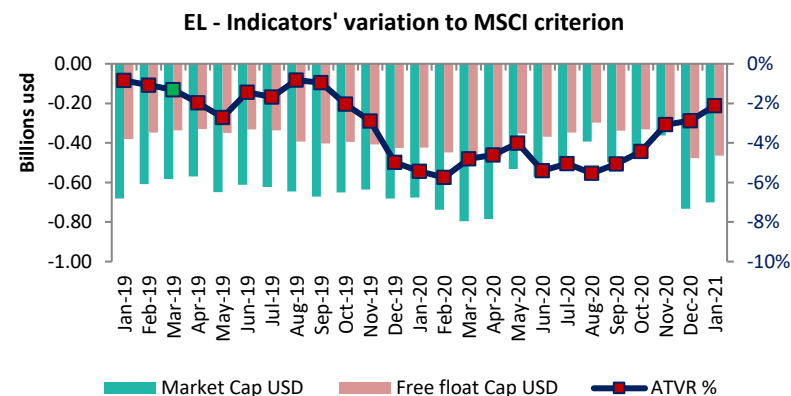
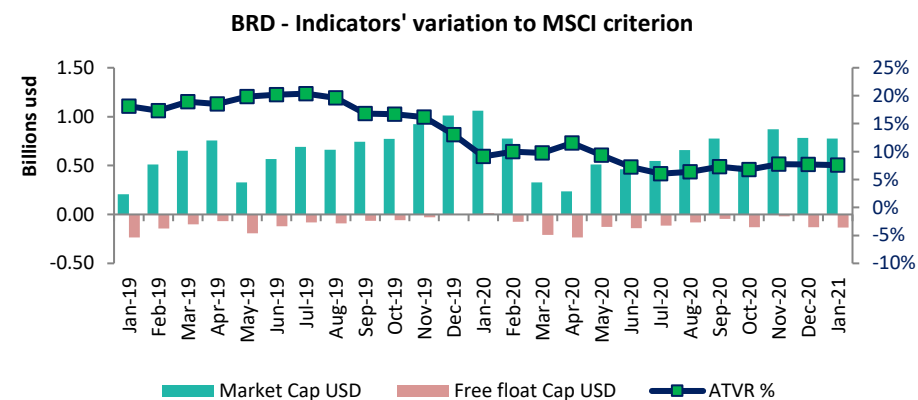
Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	BRD Groupe Societe Generale	519,891,775	31.52
2	BT CAPITAL PARTNERS	457,210,208	27.72
3	BANCA COMERCIALA ROMANA	250,048,349	15.16
4	SWISS CAPITAL S.A.	181,208,968	10.99
5	TRADEVILLE	76,739,514	4.65
6	SSIF BRK FINANCIAL GROUP S.A.	37,484,185	2.27
7	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	30,324,895	1.84
8	GOLDRING	18,377,740	1.11
9	RAIFFEISEN CENTROBANK AG	15,272,617	0.93
10	Alpha Bank Romania SA	13,135,530	0.8
11	IFB FINWEST	13,083,920	0.79
12	PRIME TRANSACTION	11,577,841	0.7
13	ESTINVEST	6,994,884	0.42
14	CONCORDE SECURITIES LTD	5,113,492	0.31
15	ERSTE GROUP BANK AG	4,823,364	0.29
Top 15 Total			99.50

MSCI: Quantitative Indicators for Emerging Market Status



Source: FSA's calculations, January 2021

MSCI: Quantitative Indicators for Emerging Market Status



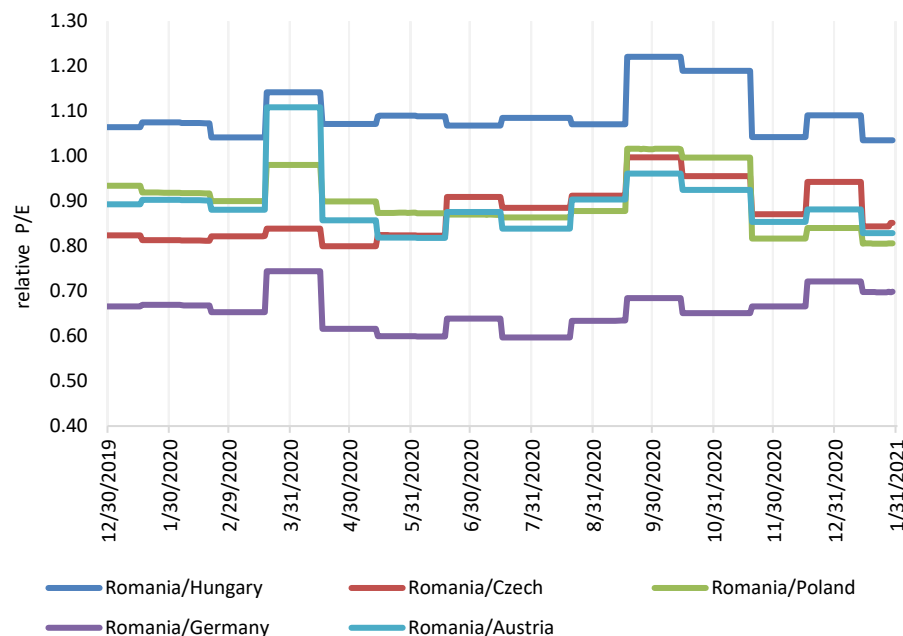
Indicators' variation to MSCI criterion (January 2021)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.78	(0.13)	7.58%
EL	(0.70)	(0.46)	-2.12%
SNG	1.13	(0.03)	4.10%
SNP	3.78	0.21	2.86%
TLV	1.44	1.70	11.02%

Source: FSA's calculations, January 2021

Risk assessment and the benefit of diversification

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

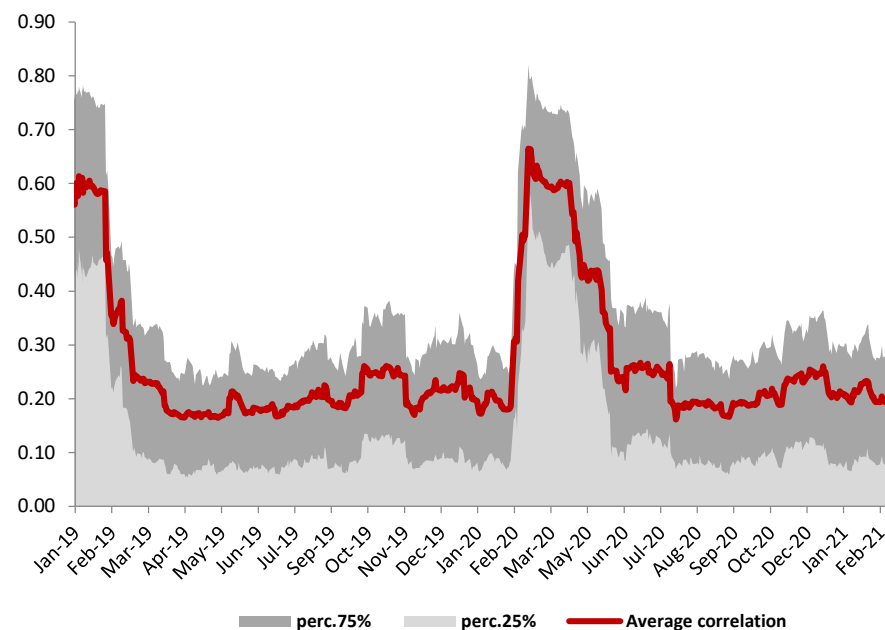


Source: Datastream, FSA's calculations

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 the anticipated next year in comparison with another market.

In January 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

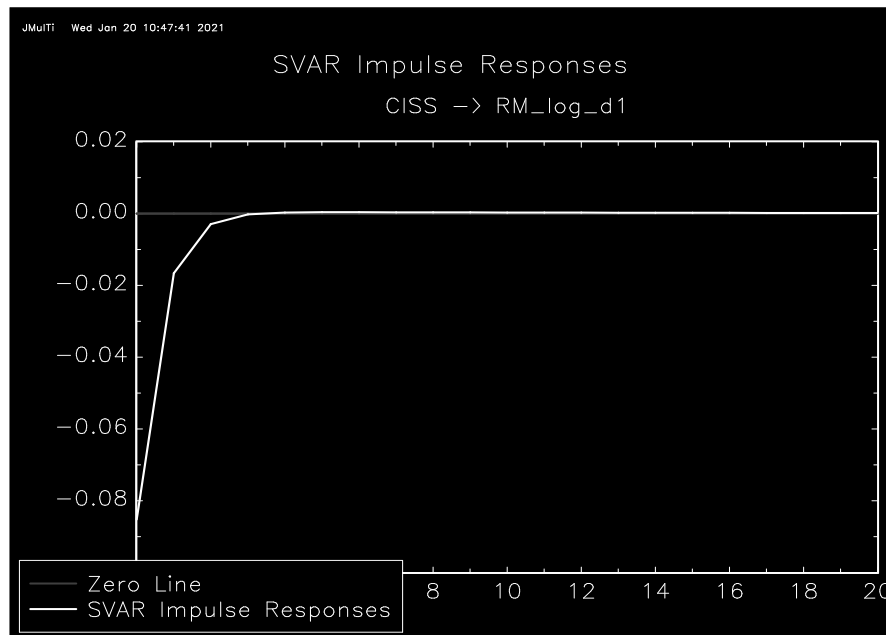
At the end of July, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange the decreased and returned to the level recorded at the beginning of 2020. In January-February 2021 is marked by a slightly increase in the correlations between the shares.

Risk assessment and the benefit of diversification

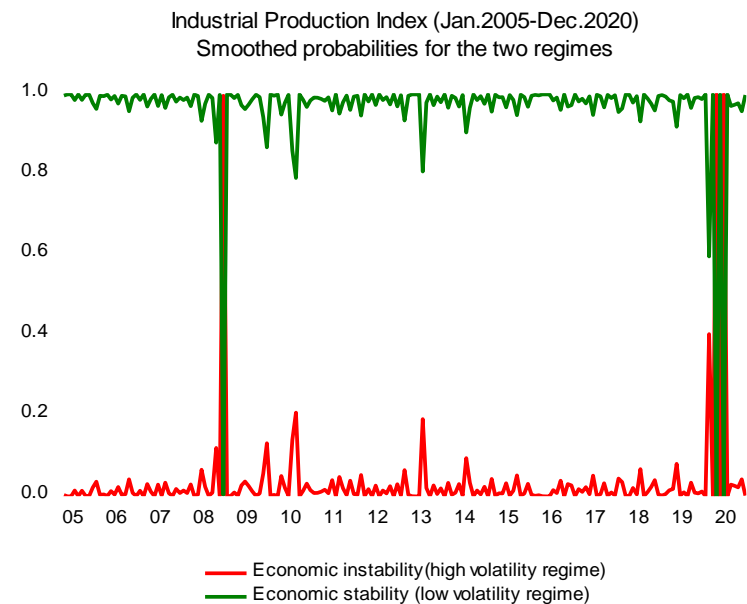
Adverse economic conditions can trigger steep increases in uncertainty. Uncertainty is a response to fluctuations in economic activity. As the European business cycle was strongly correlated during the 2020 pandemic, by combining all the common shocks in asset prices, it is possible to capture the effect 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. By differentiating between structural (unobserved) supply and demand factors, it can be seen that the effect of a supply shock has led to a decrease in Romanian stock market liquidity. The uncertainty shock proxied by the CISS indicator has the effect of a decrease of 8% on the Romanian stock markets. The shock dissipated in the next 3 months. The estimates obtained based on the model coincide with the decline of the Romanian stock exchange during the first pandemic wave.

The industrial production index fell sharply in April and May and rebounded in June and July. 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.

Supply shock on market liquidity (SVAR model with Blanchard-Quah restriction on short-term demand)



Source: FSA own calculations

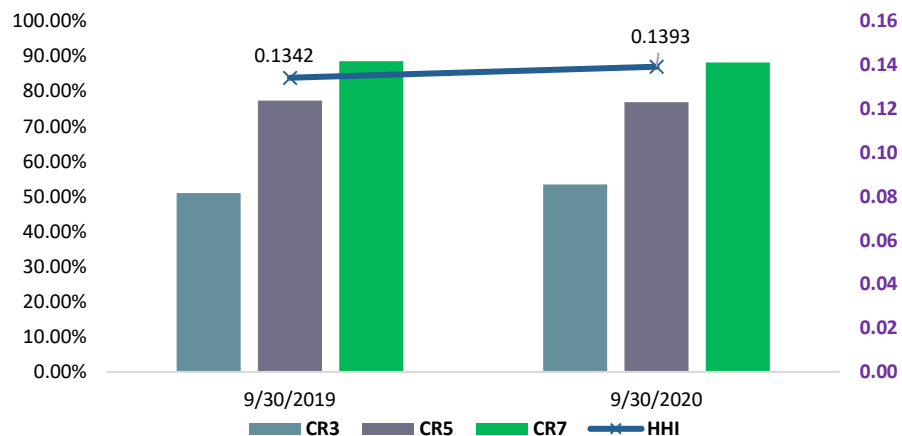


Source: INSSE, FSA own calculation

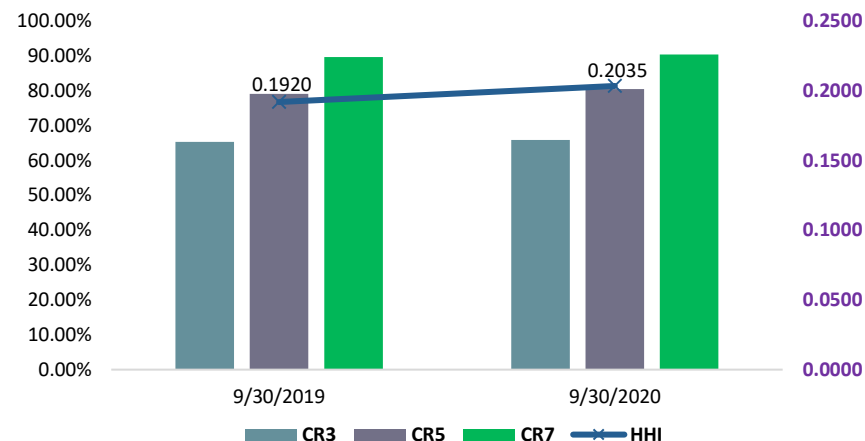
¹ For the monthly Industrial Production Index we have estimated a Hamilton-type Markov switching regression model with intercept and first AR lag changing between regimes.

Concentration risk

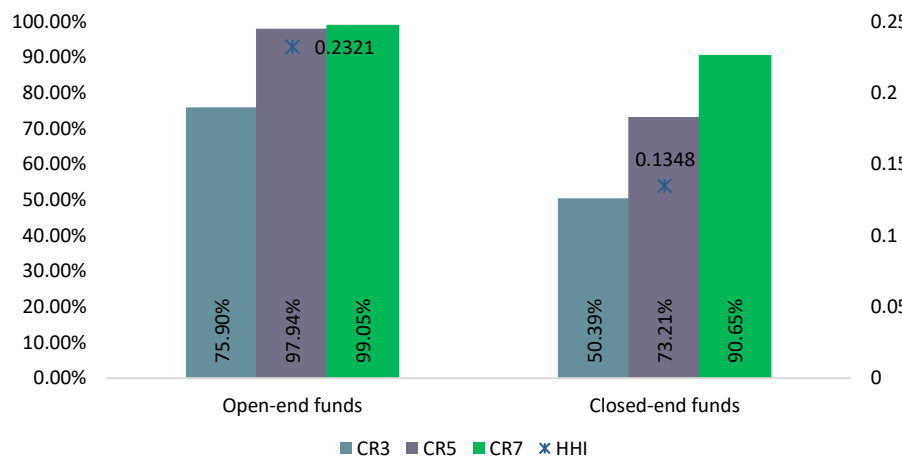
**Concentration risk of non-life insurance undertakings
(by value of GWP at 30 September 2020)**



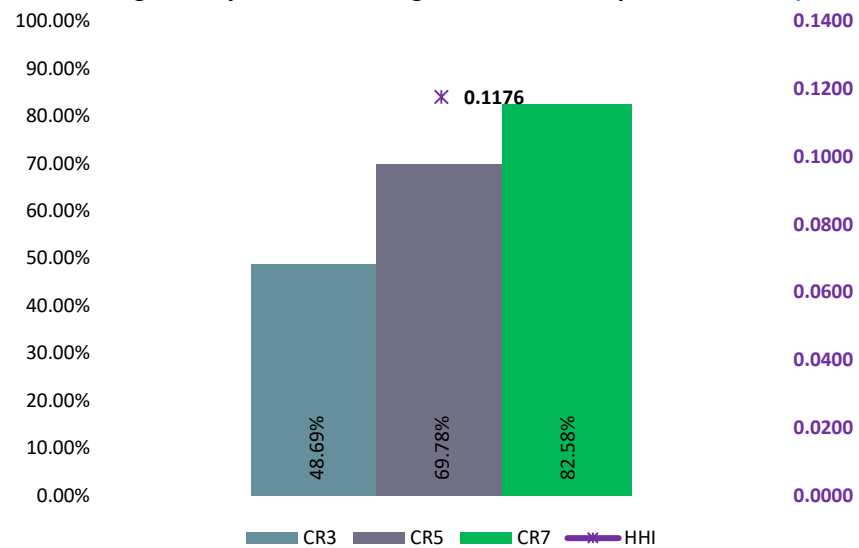
**Concentration risk of life insurance undertakings
(by value of GWP at 30 September 2020)**



**Concentration risk of investment funds in Romania
(by net assets – 30 September 2020)**



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

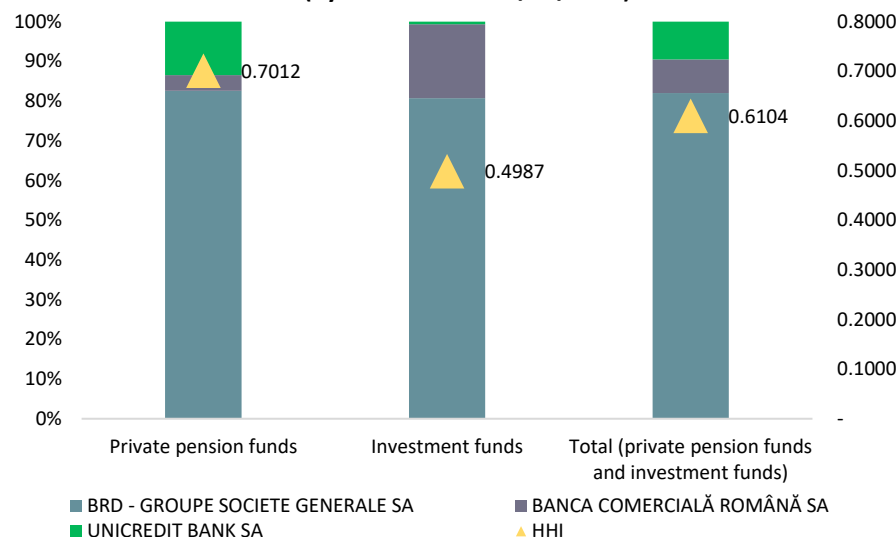


Source: FSA

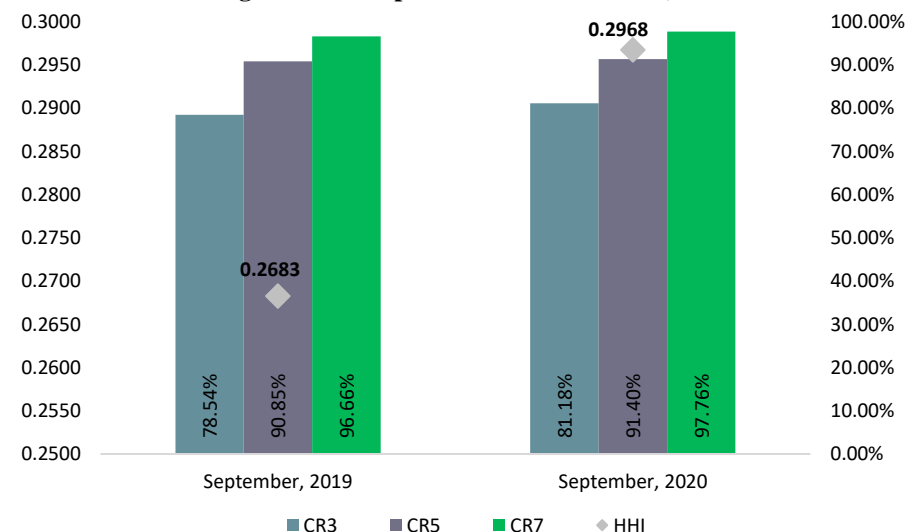
Source: FSA

Concentration risk

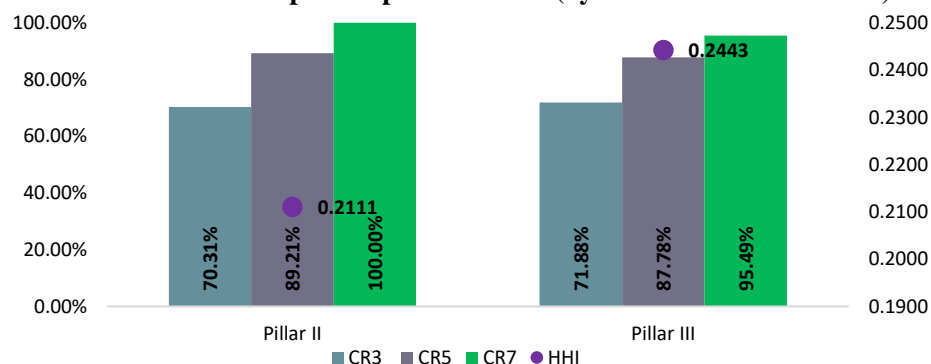
Concentration risk of depositaries of private pension funds and investment funds (by total assets at 9/30/2020)



The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 09/30/2020)



Concentration risk of private pension funds (by total assets at 1/31/2021)



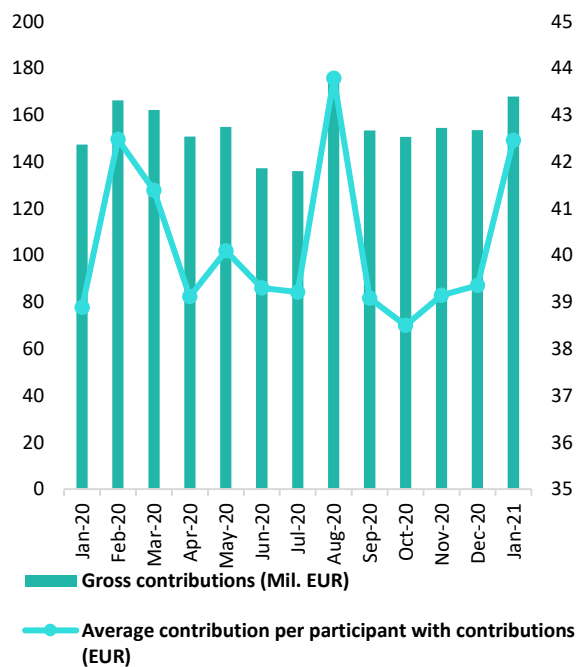
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high level, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar 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 January 2021 (EUR)	Participants (persons) January 2021	Rate of return January 2021
ARIPI*	1,419,019,735	791,902	6.51%
AZT VIITORUL TAU	3,440,550,945	1,614,087	6.12%
BCR	1,094,433,008	694,664	6.55%
BRD	623,338,662	478,892	5.40%
METROPOLITAN LIFE	2,222,156,419	1,068,376	6.31%
NN	5,531,467,700	2,040,973	6.03%
VITAL	1,590,861,722	958,037	6.48%
Total	15,921,828,191	7,646,931	n/a

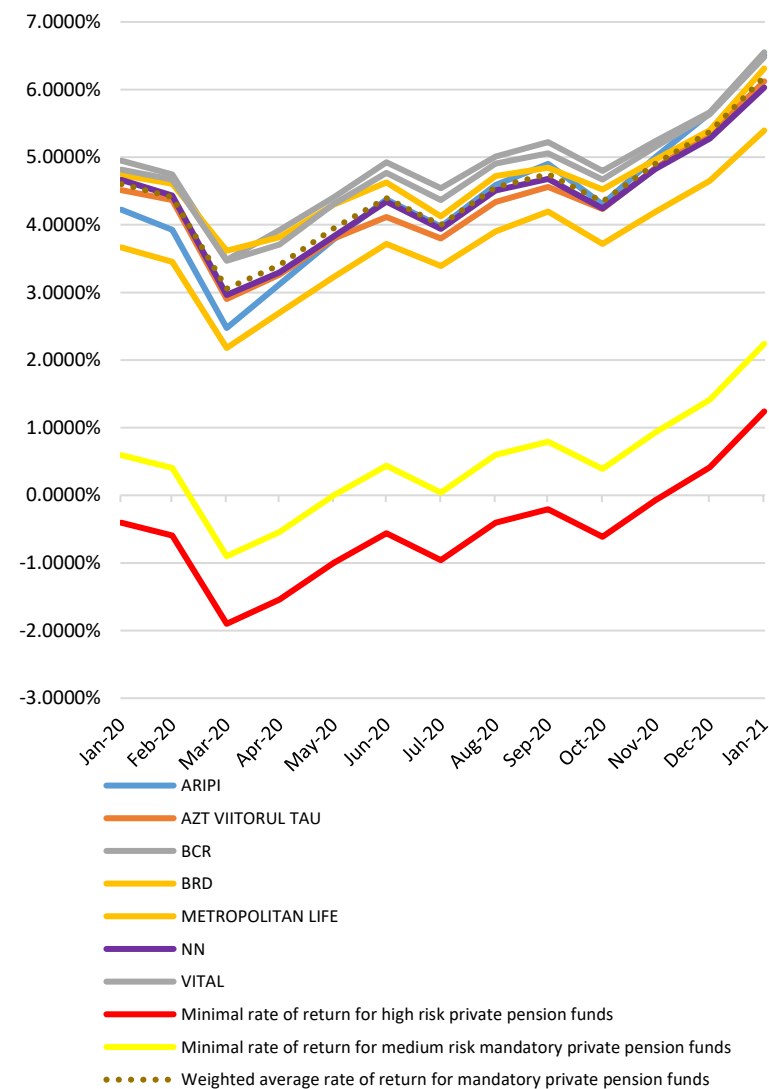
Evolution of gross contributions



New participants (persons) in 2nd Pillar

**17,509
persons**

Rate of return for mandatory pension funds



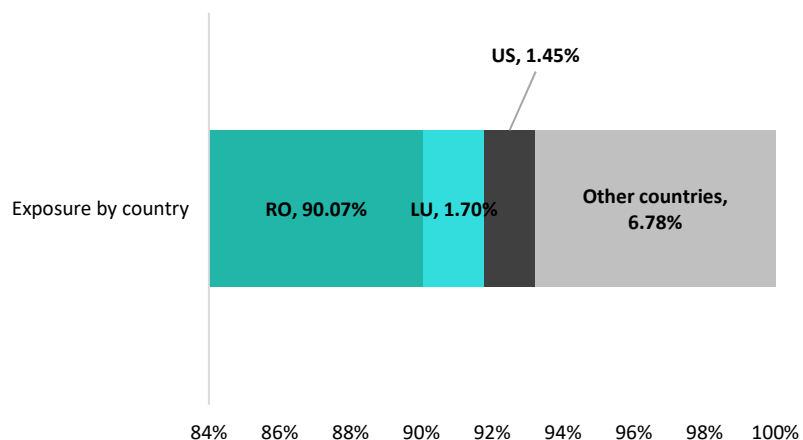
Source: FSA

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

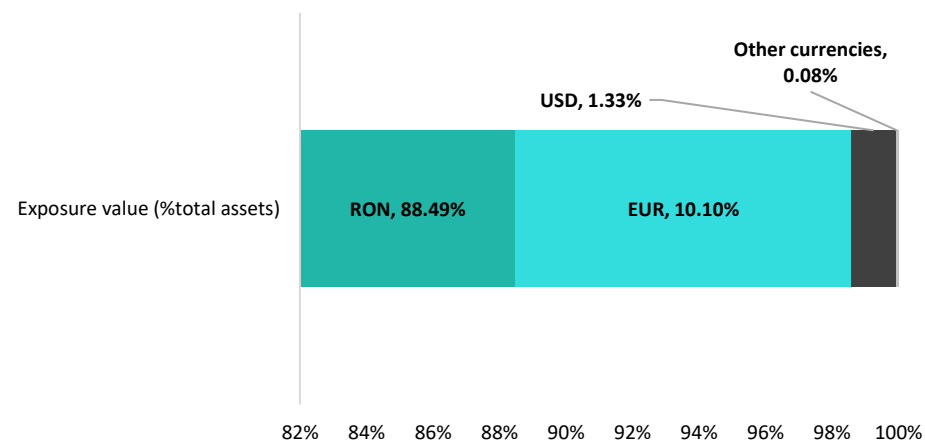
Mandatory pension fund's portfolio at 31 January 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,715,750,041	67.30%
Equity	3,528,954,065	22.16%
Corporate bonds	611,220,657	3.84%
Investment funds	477,222,076	3.00%
Supranational bonds	306,928,875	1.93%
Bank deposits	203,523,816	1.28%
Municipal bonds	39,163,362	0.25%
Metal funds	22,877,182	0.14%
Other assets	16,036,973	0.10%
Derivatives	151,144	0.0009%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



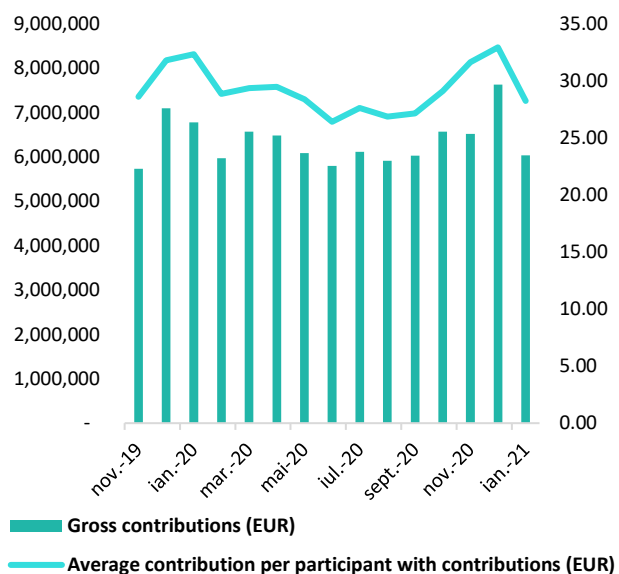
Source: FSA

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

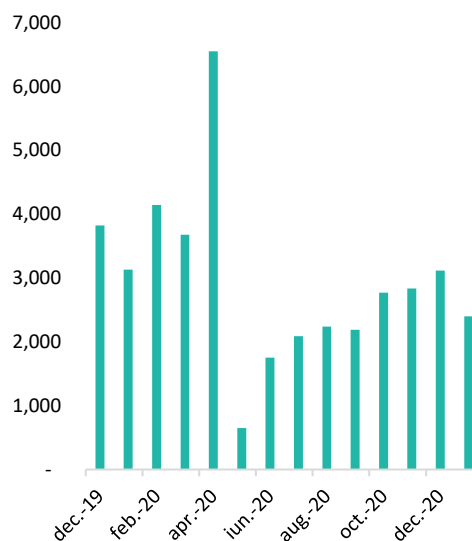
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 31 January 2021	Participants (persons) January 2021	Rate of return January 2021
AEGON ESENTIAL	2,010,477	3,857	10.6413%
AZT MODERATO	64,982,672	39,743	9.9824%
AZT VIVACE	24,125,338	20,252	10.8402%
BCR PLUS	110,273,236	139,142	9.5434%
BRD MEDIO	33,491,760	33,654	8.2828%
GENERALI STABIL	6,163,113	5,466	10.4693%
NN ACTIV	71,229,974	55,148	9.6587%
NN OPTIM	263,801,760	200,281	8.6358%
PENSIA MEA	19,759,387	16,636	7.8153%
RAIFFEISEN ACUMULARE	23,673,139	14,769	9.8631%
Total	619,510,855	528,948	n/a

Evolution of gross contributions

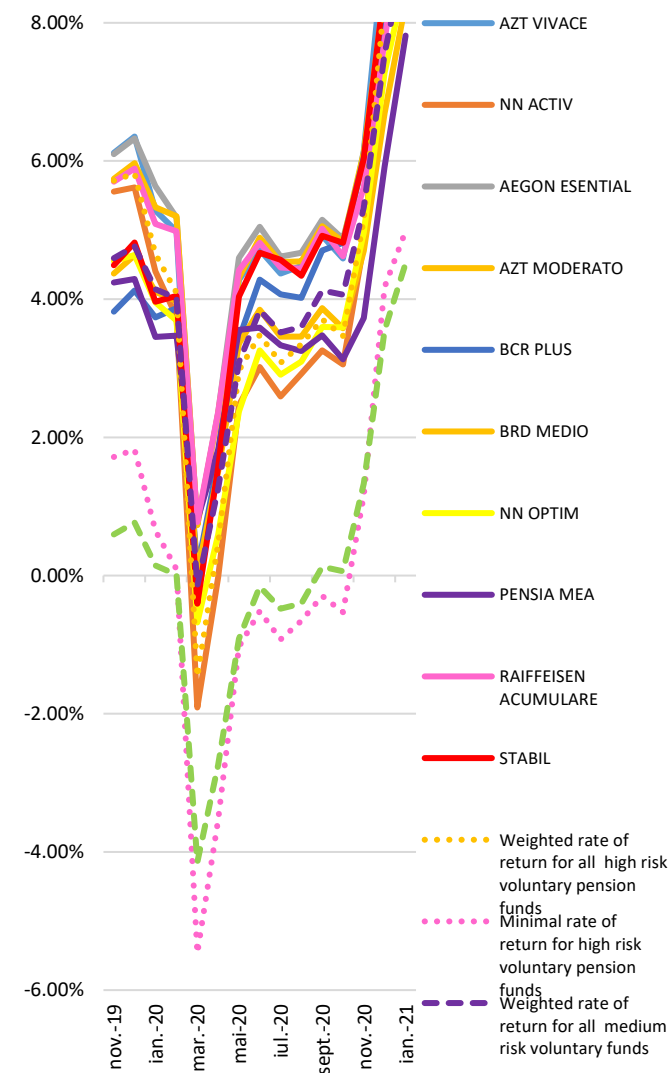


New participants in 3rd Pillar



Source: FSA

Rate of return for voluntary pension funds



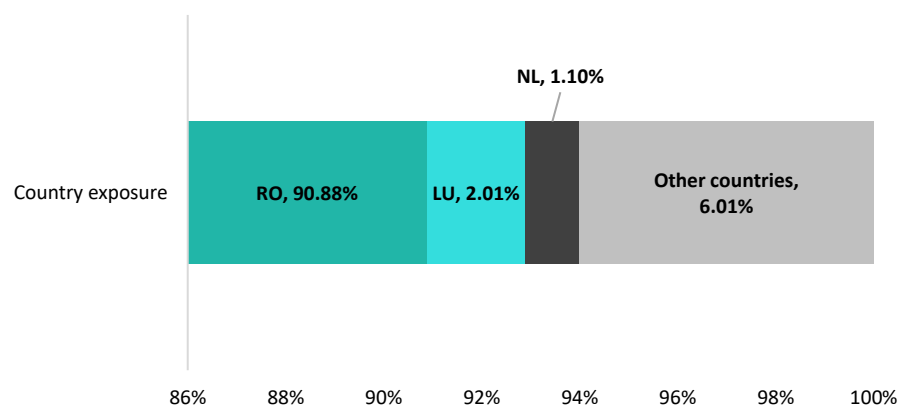
Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	393,586,290	65.45%
Equity	163,839,934	27.25%
Corporate Bonds	18,363,547	3.05%
Investment Funds	17,956,064	2.99%
Supranational Bonds	10,842,075	1.80%
Bank Deposits	7,694,479	1.28%
Municipal Bonds	4,918,354	0.82%
Metal funds	2,324,730	0.39%
Other assets	(14,619)	0.00%

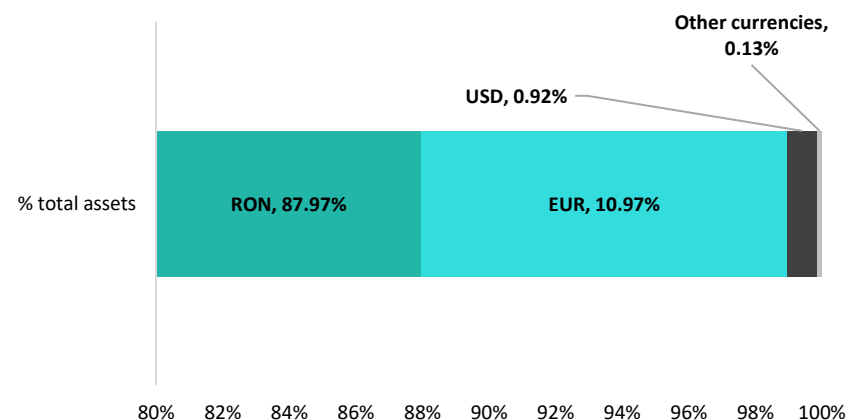
Source: FSA

Country exposure of optional fund's assets



Source: FSA

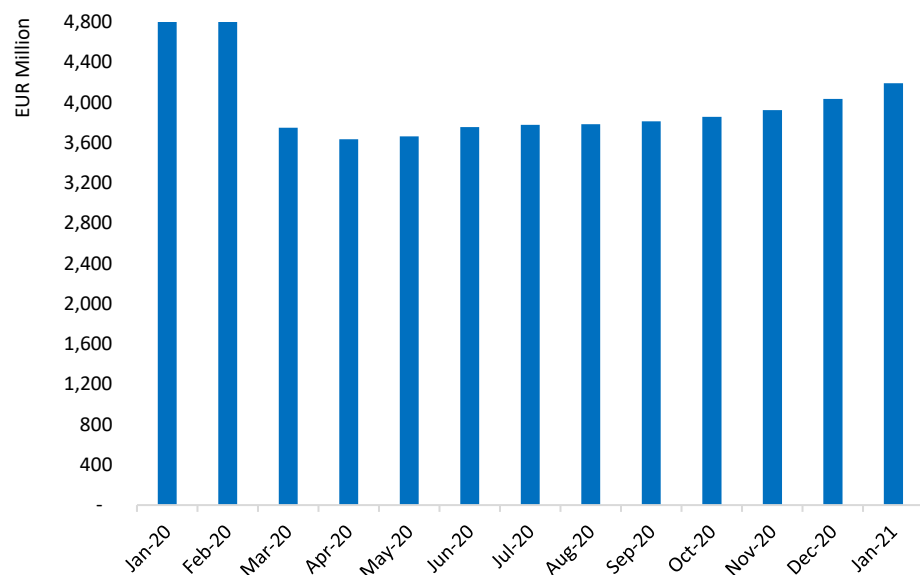
Currency exposure of optional fund's assets



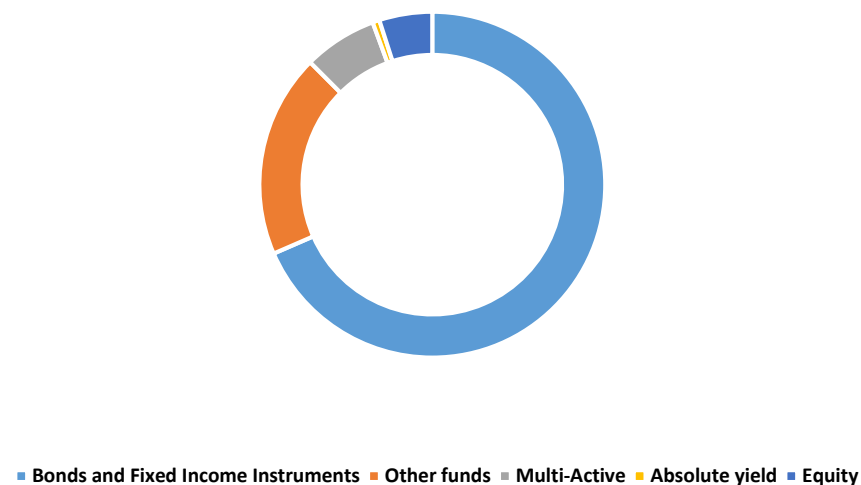
Source: FSA

Specific developments in the investment funds sector

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



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



Source: AAF

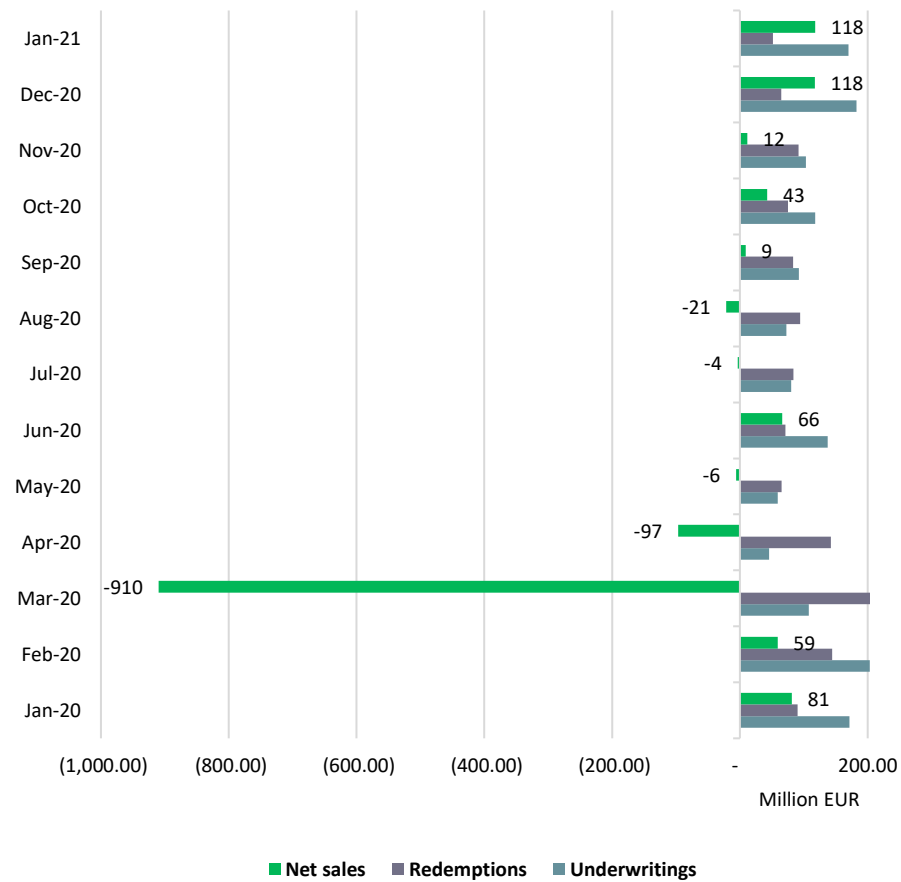
According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 4.19 billion in January 2021, an increase of approximately 4% compared to the previous month. Net assets of open-end bond and fixed income instruments funds and other funds, which account for about 87% of the local OeIF industry, increased compared to the previous month.

In January 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%.

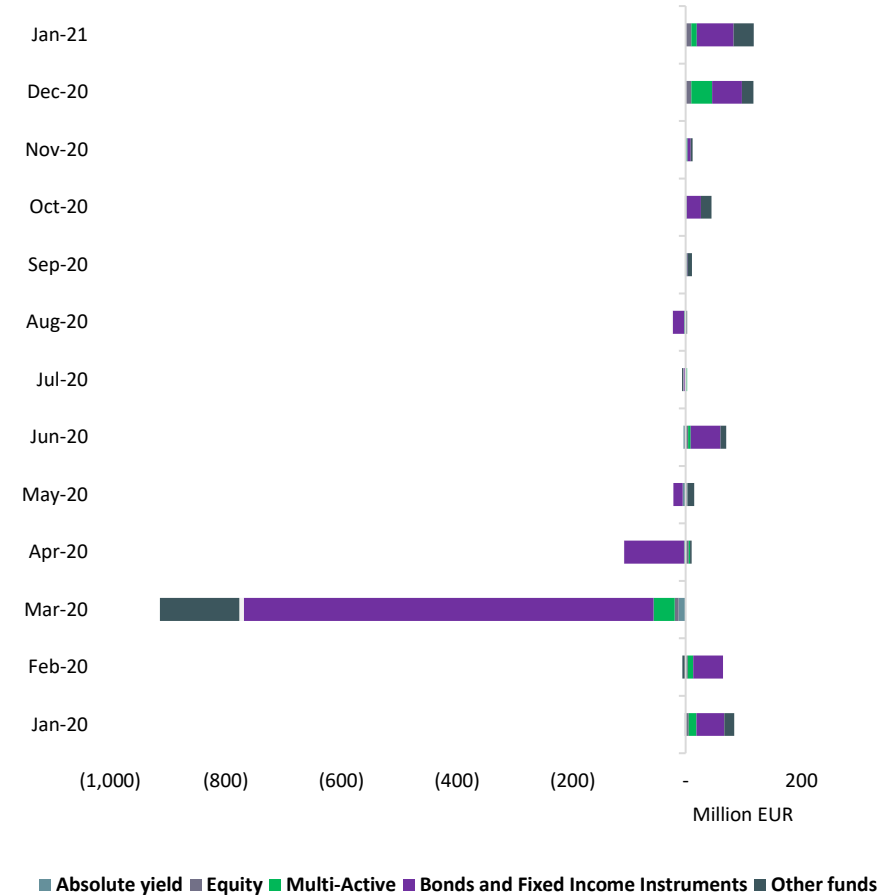
² There was a change in Open end investment funds' classification

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)**

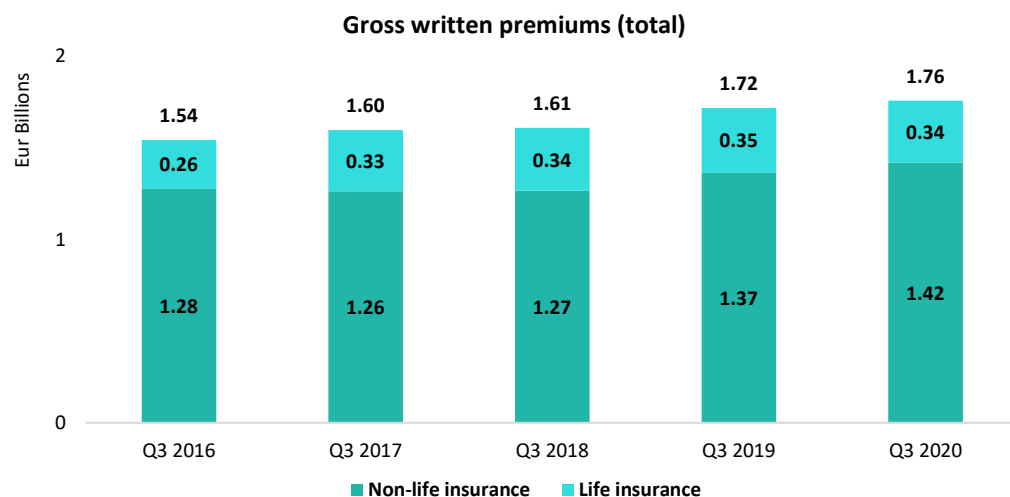


Source: AAF

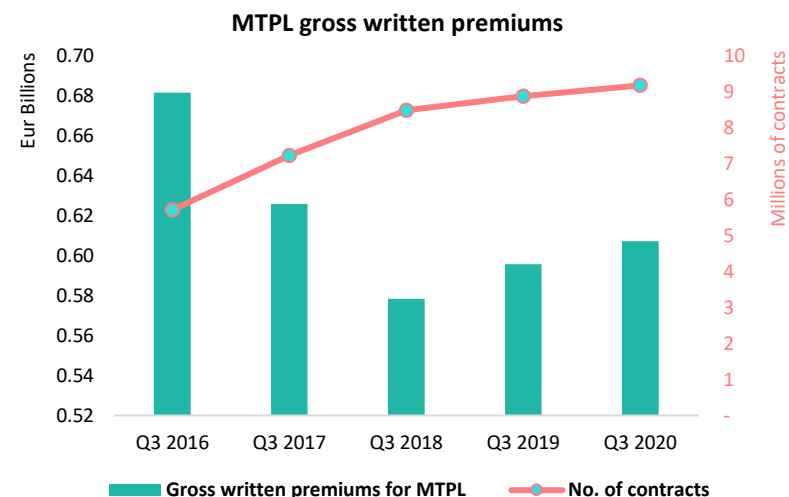
In January 2021, local open-end investment funds recorded net inflows of EUR 118 million. Net inflows of bonds and fixed income instruments funds amounted to EUR 64 million, while the other funds category recorded net inflows of EUR 35 million.

Specific developments in the insurance market in Romania

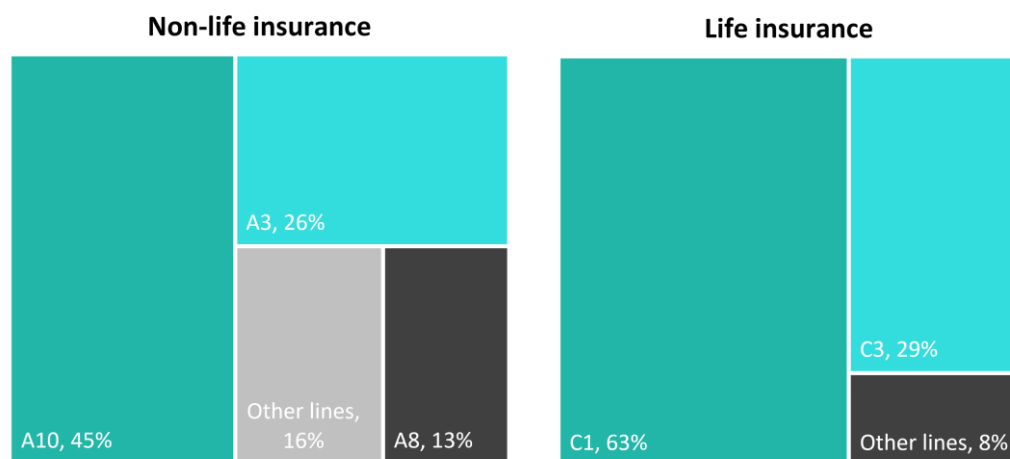
Evolution of the insurance market (30th of September 2020)



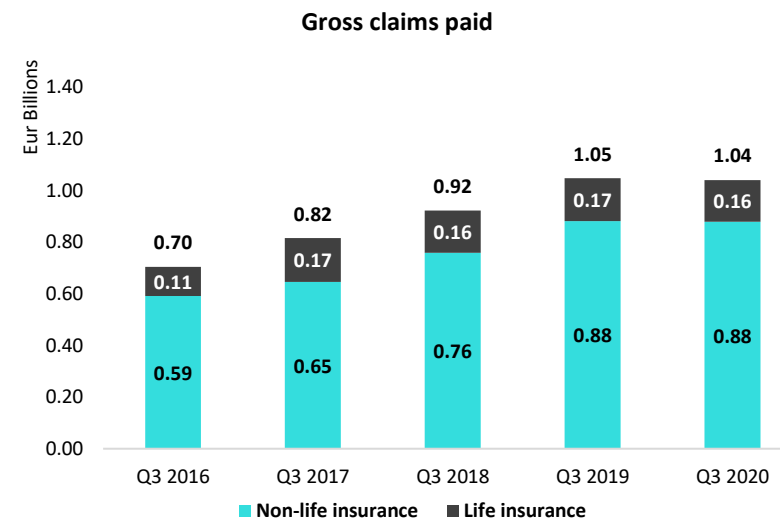
Source: FSA



Share of main insurance classes by GWP

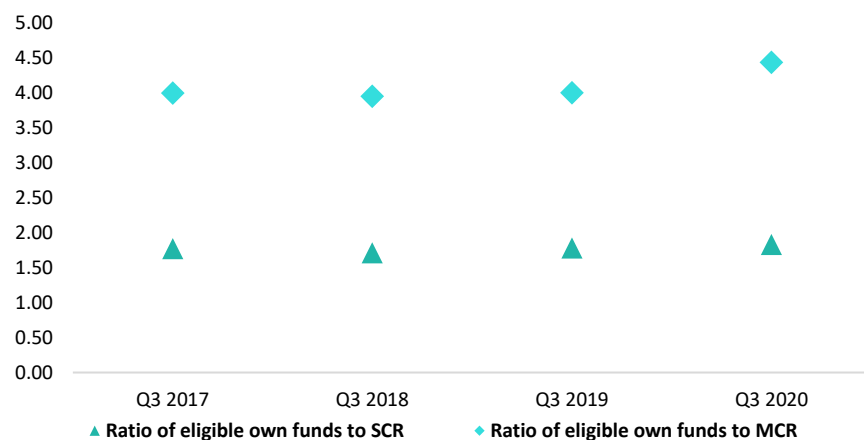


Source: FSA

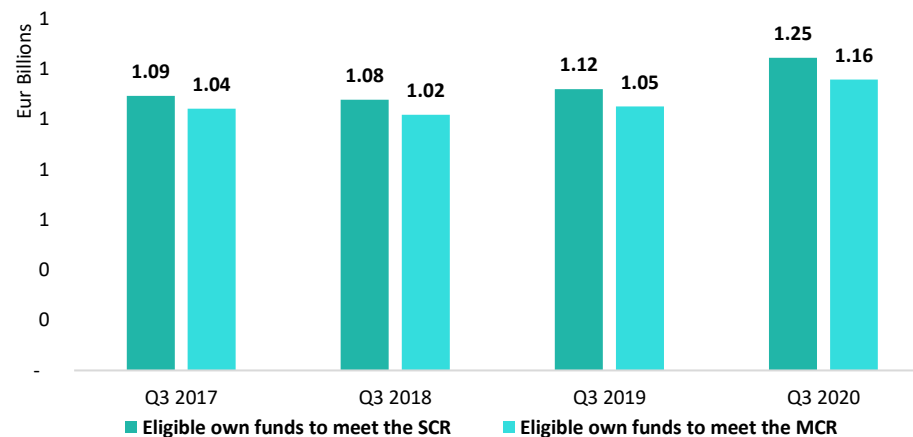


Specific developments in the insurance market in Romania

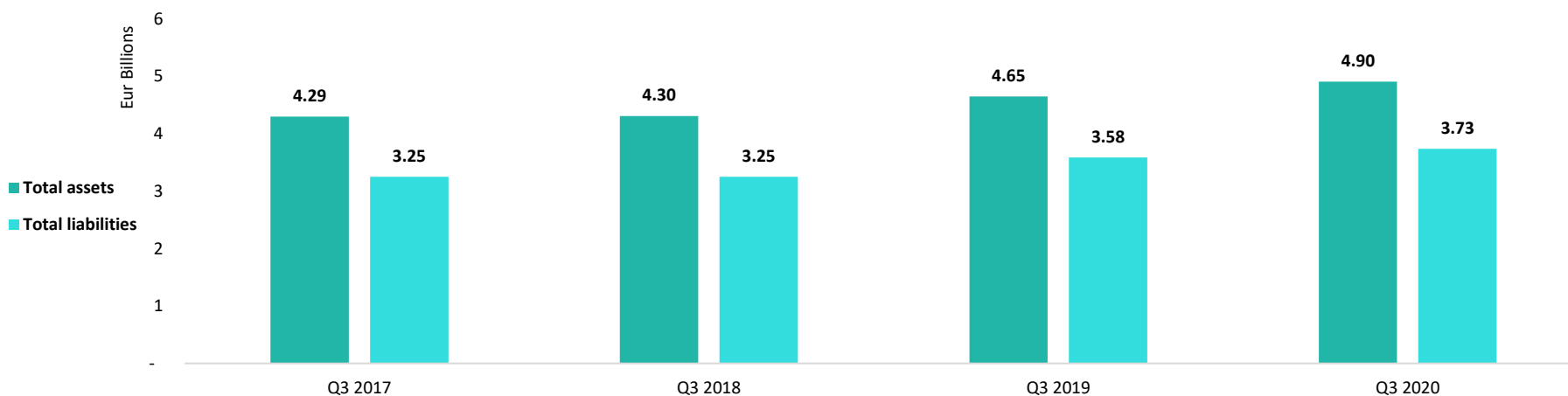
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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 30th of September 2020, eligible own funds to meet the SCR were mainly composed of unrestricted Tier 1 (90%). 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 January 2021

EUROPEAN UNION	<ul style="list-style-type: none"> • 19 January: EC takes further steps to foster the openness, strength and resilience of Europe's economic and financial system.
ESMA	<ul style="list-style-type: none"> • 6 January: ESMA promotes transparency for TLTRO III transactions. • 6 January: ESMA launches a Common supervisory action with NCAs on the supervision of costs and fees of UCITS. • 13 January: ESMA reminds firms of the MiFID II rules on reverse solicitation.
EIOPA	<ul style="list-style-type: none"> • 26 January: EIOPA publishes the second paper on the methodological principles of insurance stress testing with focus on liquidity. • 28 January: EIOPA consults on open insurance.
IOSCO	<ul style="list-style-type: none"> • 27 January: IOSCO issues sound practices to assist members in enhancing complaint handling and protect retail investors.
ECB	<ul style="list-style-type: none"> • 21 January: ECB decides to reconfirm its very accommodative monetary policy stance.
IMF	<ul style="list-style-type: none"> • January: IMF updates World Economic Outlook and Global Financial Stability Report.
WB	<ul style="list-style-type: none"> • January: WB publishes Global Economic Prospects.
BIS	<ul style="list-style-type: none"> • 14 January: BIS issues an analysis on COVID-19 and cyber risk in the financial sector.