

# Monthly Market Report

In Romania, the annual inflation rate (CPI) was 3.75% in May 2021, up compared to the previous month (+3.24%).

FSA No  
6/06.25.2021

- According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 2.3 billion in January-April 2021 (compared with EUR -43 million in the same period of the previous year).
- Romania CDS quotations remained relatively unchanged in May 2021 compared with the previous month, at an average value of 95.1 bp.
- The market capitalization registered an increase of 24% at the end of May 2021 compared to the end of 2020 and an increase of 6% compared to the end of 2019.

## World Macroeconomic Outlook

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	Q1 2021	European Commission		IMF	
												2021f	2022f	2021f	2022f
Euro area	1.5	1.3	1.4	1.0	1.3	-3.3	-14.6	-4.1	-4.7	-6.5	-1.3	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	-3.1	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	2.1	2.2	2.0	1.0	1.8	-5.5	-18.4	-3.5	-4.6	-7.9	1.2	5.7	4.2	5.8	4.2
Italy	0.3	0.4	0.5	-0.1	0.3	-5.8	-18.1	-5.2	-6.5	-8.9	-0.8	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	-1.8	3.5	4.7	4.4	4.4
Croatia	3.9	2.4	2.7	2.6	2.9	0.8	-14.6	-10.1	-6.9	-8.0	-0.9	5.0	6.1	4.7	5.0
Hungary	5.3	4.9	4.2	4.2	4.6	2.1	-13.3	-5.2	-3.9	-5.0	-1.6	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	-1.4	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

**The annual inflation rate in the euro area** was 2.0% in May 2021, up from April (1.6%), while at EU level annual inflation was 2.3%, up from 2.0% in the previous month. Greece (-1.2%), Malta (0.2%) and Portugal (0.5%) had the lowest inflation rates, while Hungary (5.3%), Poland (4, 6%) and Luxembourg (4.0%) recorded the highest rates.

**In Romania, the annual inflation rate (CPI)** was 3.75% in May 2021, up compared to the previous month (+3.24%). The most significant contribution to the annual inflation rate came from the increasing prices of non-food goods (+5.70%), followed by services (+2,78%) and food goods (+1,52%).

In the first quarter of 2021, according to data published by the NIS, **the employment rate** of the working age population (15-64 years) was 60.8%, down compared to the same period of the previous year by 4.6 percentage points. The employment rate was higher for men (70.3% compared to 51.0% for women) and for people in urban areas (66.5% compared to 54.0% in rural areas). The employment rate of young people aged between 15 and 24 remains low (21.4%).

The **volume of construction works** increased in Romania by 15.4% as gross series, and by 10.5% as seasonally adjusted series in April 2021 compared to the similar period of the previous year. The most significant increase was registered by the volume of new construction works (+26.6%), while the most significant decreases were registered by the volume of capital repair works (-10.0%) and current maintenance and repair works (-0.7%). By construction type, the gross series shows increases in the volume of residential buildings (+49.7%), non-residential buildings (+14.3%) and of engineering construction works (+1.0%).

**Turnover from market services provided mainly to enterprises** increased in Romania in April 2021 compared to the same period of the previous year by 34.4% as gross series and by 31.9% as seasonally adjusted series. The highest increase was registered by the activities in film production, video, television programs, broadcasting and transmission of programs (+55.9%), followed by transport activities (+47.2%), other services provided mainly to enterprises (+34.6%), information services and information technology (+23.4%) and by the communications activities (+11.1%).

**In Romania, the industrial production** increased by 68.0% as gross series and by 63.2% as seasonally adjusted series in April 2021 compared to April 2020. The most significant increases were recorded by the manufacturing industry (+85.9%), production and supply of electricity and heat, gas, hot water and air conditioning (+19.5%) and by the extractive industry (+10.9%)

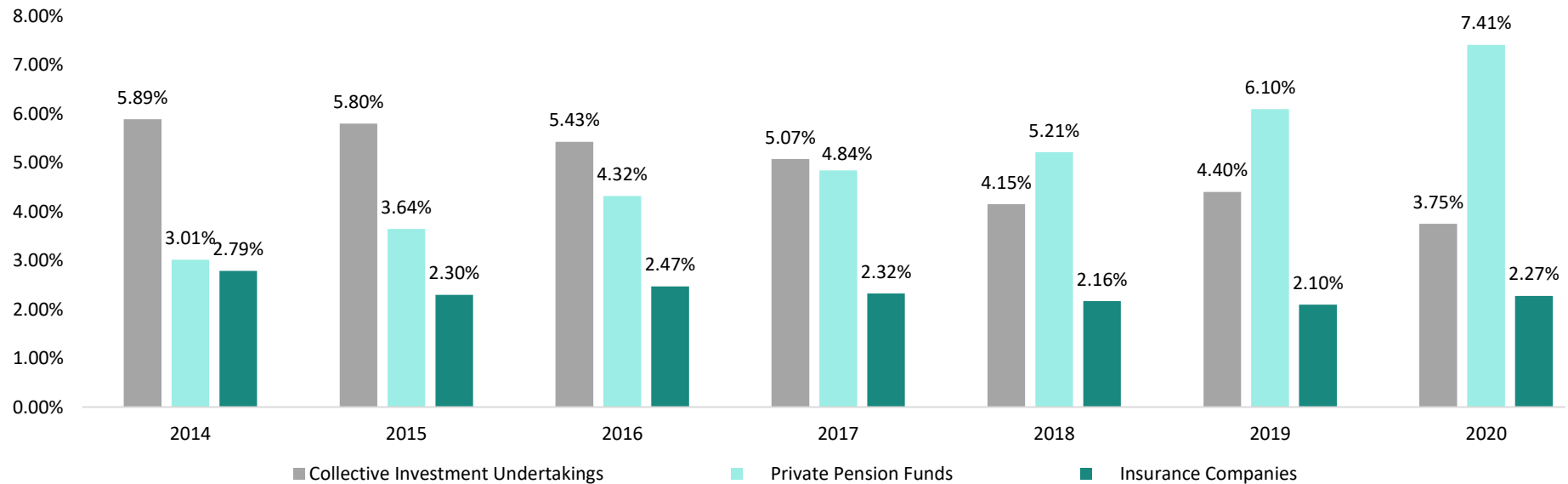
**Retail trade** (seasonally adjusted series) decreased by 3.1% both in the euro area and in the European Union in April 2021 compared to the previous month. Compared to the same period of the previous year, retail trade (seasonally adjusted series) increased by 23.9% in the euro area and by 22.4% in the EU in April 2021. **In Romania, the volume of retail trade turnover** increased in April 2021 by 42.8% as gross series and by 38.4% as a seasonally adjusted series compared to April 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 (+62.5%), retail trade of automotive fuel in specialized stores (+56.5%) and the sales of food, beverages and tobacco (21.2%).

## 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
<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

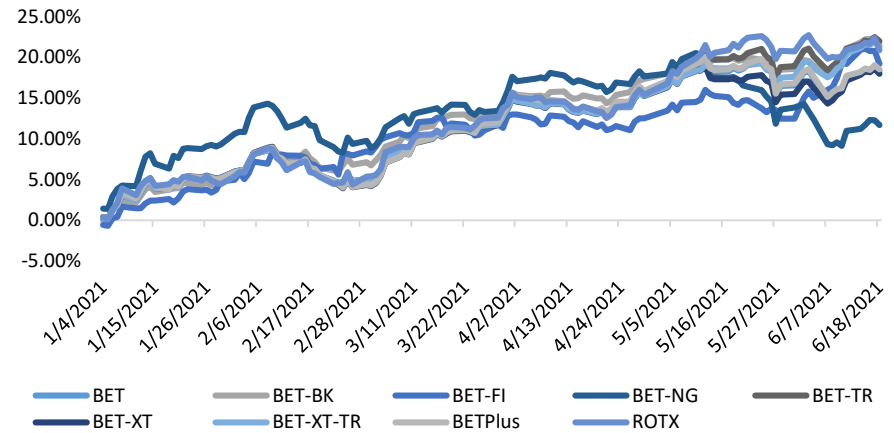
## Current trends and headlights on Romanian markets

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

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
6/18/2021	18.38%	21.47%	19.21%	11.68%	21.98%

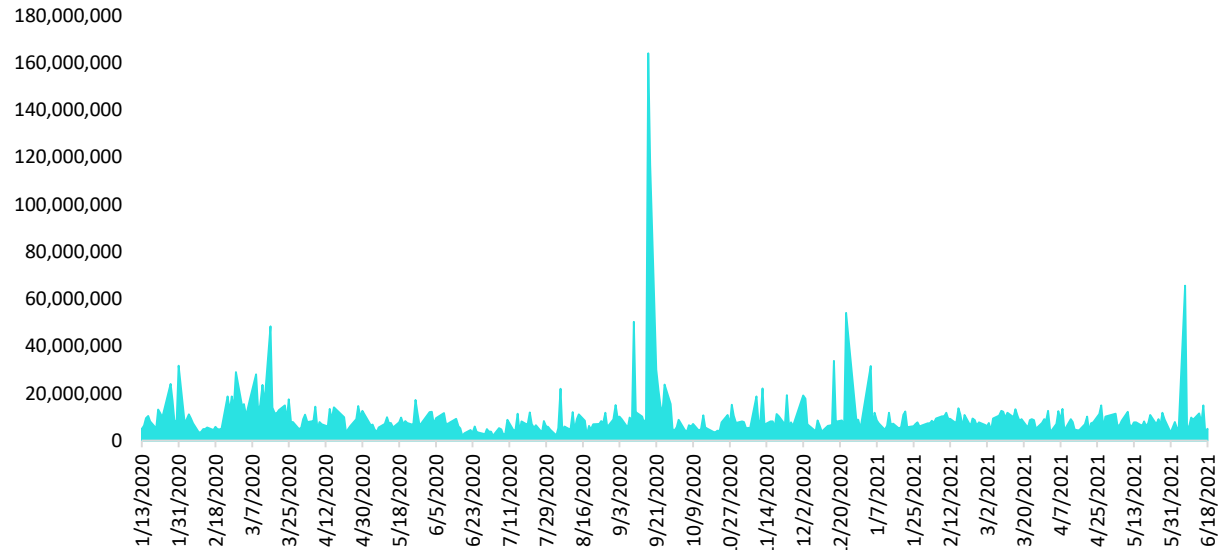
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
6/18/2021	17.96%	21.29%	18.54%	20.90%

### 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	Q4 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 2.3 billion in January-April 2021 (compared with EUR -43 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 4.7 billion in the first four months of 2021, compared to EUR 2.3 billion in the same period of the previous year.

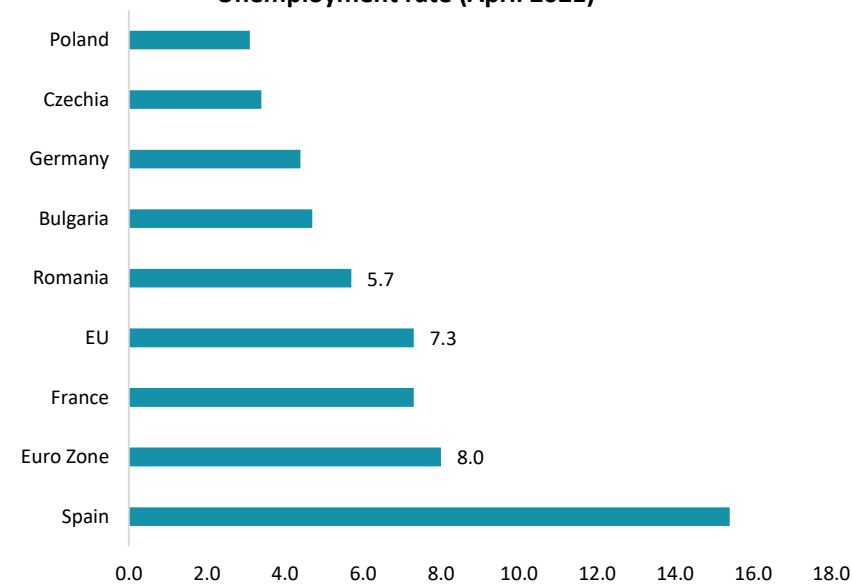
The evolution of the current account was accompanied by a decrease in total external debt by EUR 1.05 billion in January - April 2021 to EUR 127 billion.

The seasonally adjusted unemployment rate in the euro area was 8.0%, down 0.1 pp compared to March 2021, while the EU unemployment rate was 7.3% in April 2021, the same level to that recorded in the previous month.

The seasonally adjusted unemployment rate in Romania was 5.7% in April 2021, down by 0.1 pp from the previous month (5.8%), according to data published by NIS.

At local level, the unemployment rate among men (6.0%) is higher than the unemployment rate for women (5.4%).

### Unemployment rate (April 2021)



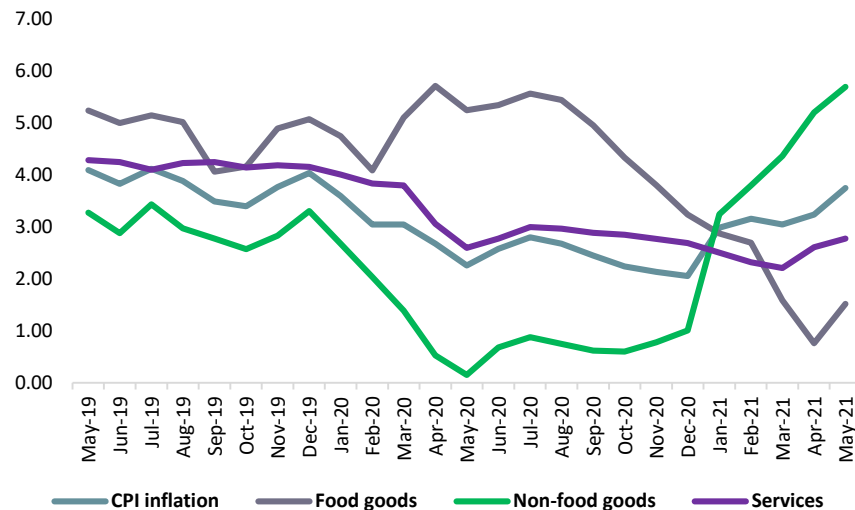
Source: Eurostat

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

**Main sector indicators (annual rate of change, %)**

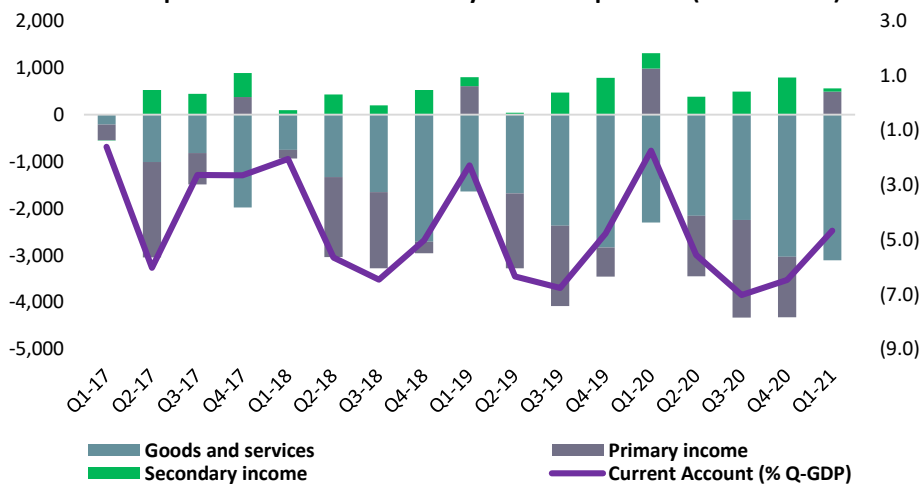


**Inflation, monthly data (annual rate of change)**



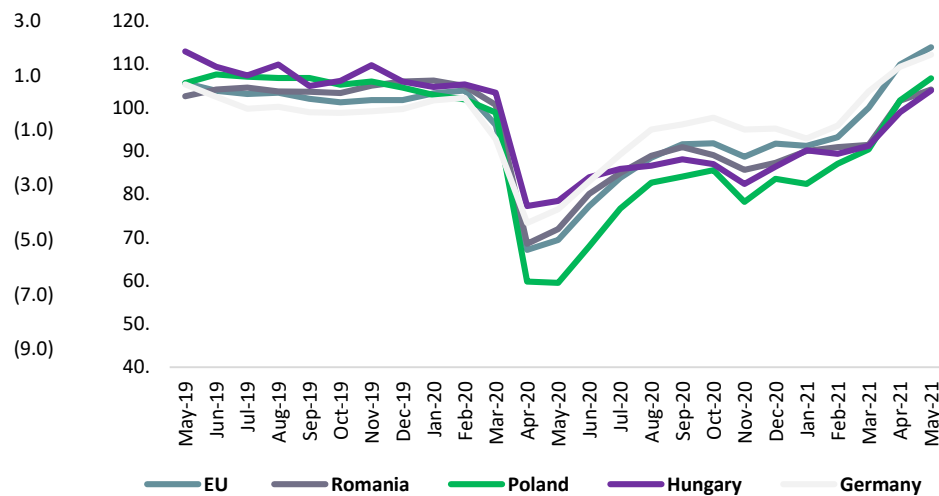
Source: National Institute of Statistics; FSA calculations

**Development of current account by main components (million euro)**



Source: NBR, FSA calculations

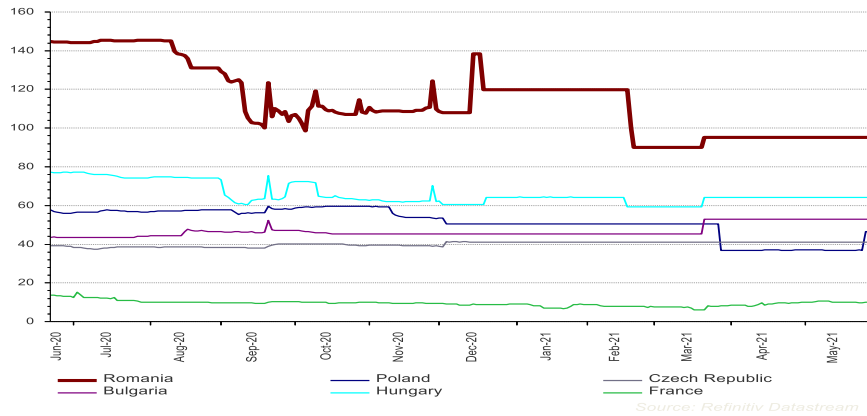
**The economic sentiment index in EU**



Source: Eurostat

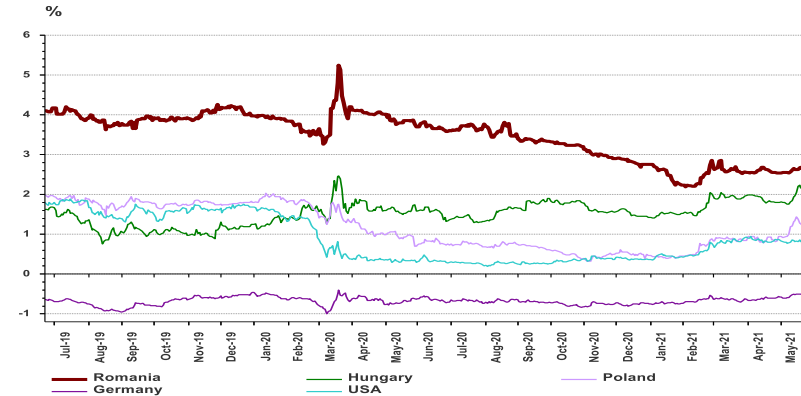
## Macroeconomic risk in Romania: external position and market perception of sovereign risk

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



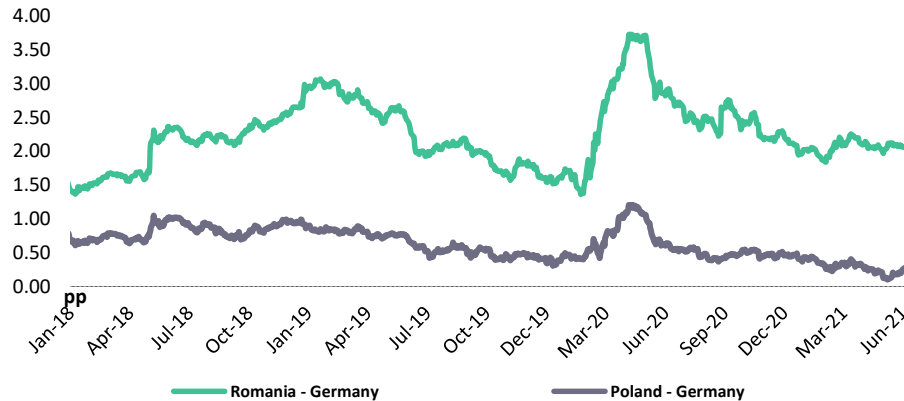
Source: Datastream

Government bond yields (5Y, LC)



Romania 5 - year bond yields increased by 1% in May 2021 as compared with the previous month, reaching an average value of 2.61%, while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.55% in May 2021).

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



Source: Datastream, FSA's calculations

Romania CDS quotations remained relatively unchanged in May 2021 compared with the previous month, at an average value of 95.1 bp. French CDS quotations increased by 12% to an average value of 10.16 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 the first part of June 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 May 2021

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	1.87%	10.50%	15.03%
FR (CAC 40)	2.83%	13.04%	16.83%
DE (DAX)	1.88%	11.86%	16.03%
IT (FTSE MIB)	4.26%	10.16%	14.10%
GR (ASE)	-1.70%	12.93%	21.43%
IE (ISEQ)	1.72%	12.13%	14.57%
ES (IBEX)	3.79%	11.23%	13.27%
UK (FTSE 100)	0.76%	8.32%	12.07%
US (DJIA)	1.93%	11.63%	16.50%
IN (NIFTY 50)	6.50%	7.25%	20.15%
SHG (SSEA)	4.90%	3.03%	6.60%
JPN (N225)	0.16%	-0.37%	9.18%

The European indices have recorded positive developments (1M), except for ASE index (GR: -1.70%). The most significant increase was recorded by FTSE MIB index (IT: +4.26%), followed by IBEX index (ES: +3.79%).

The main American and Asian indices showed positive developments. Therefore, the most significant increase was registered by NIFTY 50 index (IN: +6.50%), followed by SSEA index (SHG: +4.90%).

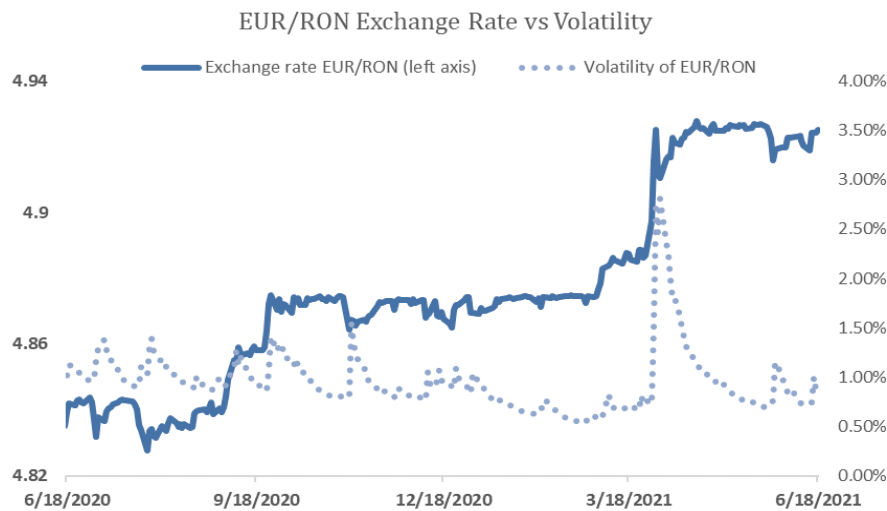
BSE indices	1 M	3 M	6 M
BET	0.79%	12.05%	23.10%
BET-BK	1.01%	10.98%	26.11%
BET-FI	-0.02%	4.20%	23.33%
BET-NG	-3.25%	4.09%	15.63%
BET-TR	2.76%	14.28%	25.66%
BET-XT	0.21%	10.22%	22.38%
BET-XT-TR	1.99%	12.21%	24.70%
BETPlus	0.76%	12.18%	23.30%
ROTX	4.58%	15.67%	25.89%

The BSE stock indices have recorded mixed developments (1M). Therefore, the most significant increase was registered by ROTX index (+4.58), while the most significant decrease was registered by BET-NG index (-3.25%).

Source: Datastream, FSA's calculations

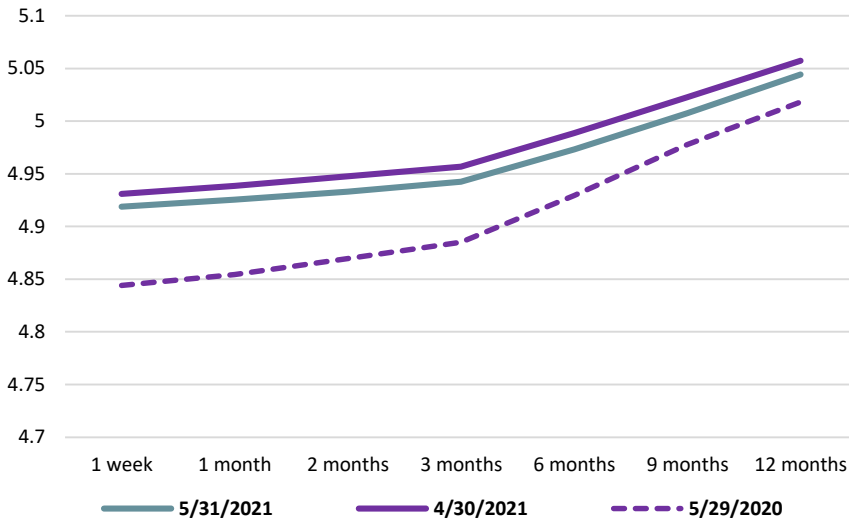
Note: 1M=05/31/2021 vs. 04/30/2021; 3M=05/31/2021 vs. 02/26/2021; 6M=05/31/2021 vs. 11/30/2020

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

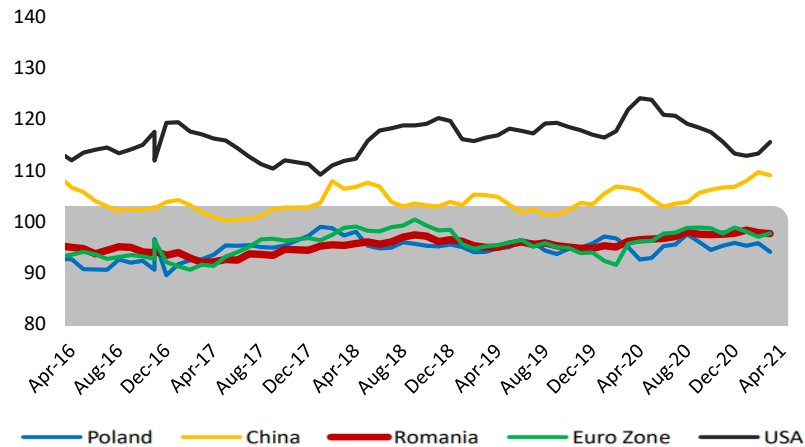


Source: Refinitiv, FSA's calculations

### Term structure of EUR/RON forward rate



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



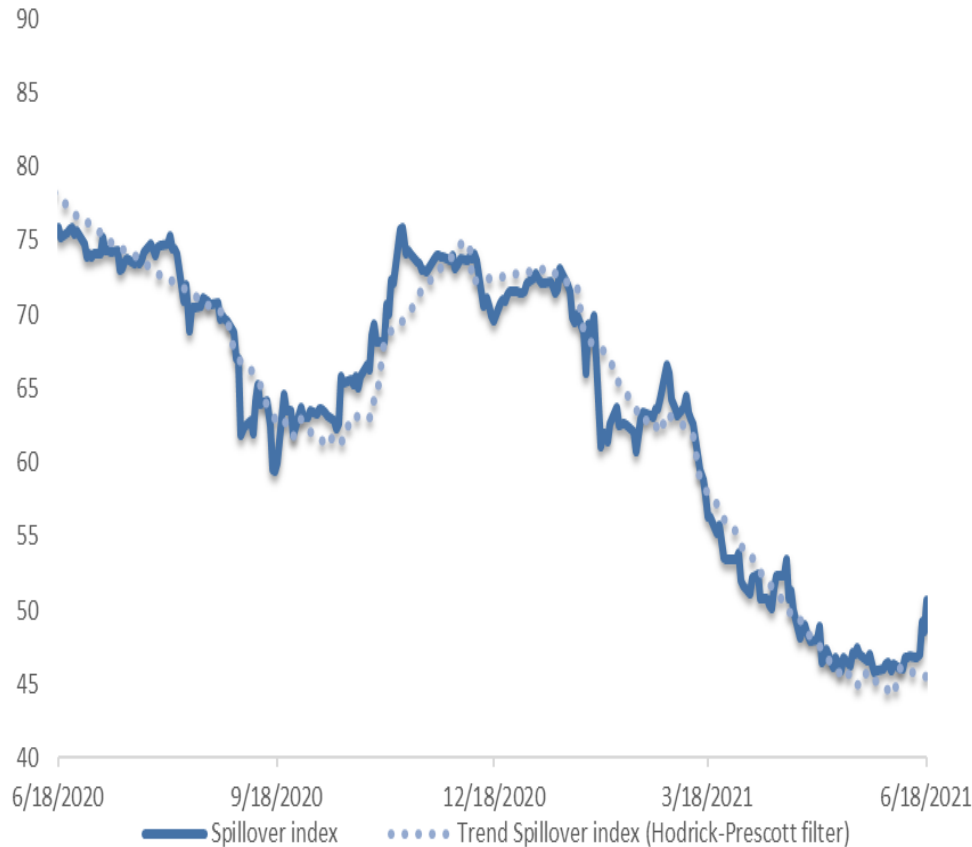
Source: BIS, FSA's calculations

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 exchange rate remained stable in the second quarter with a low volatility (1%).

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 all maturities with respect to the previous month (RON appreciation).

Contagion risk



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.

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 stock markets which exhibited a very fast growing trend. In June the contagion started to grow slowly.

Source: Refinitiv, FSA's calculations

## Liquidity indicators on Romanian Stock Exchanges

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

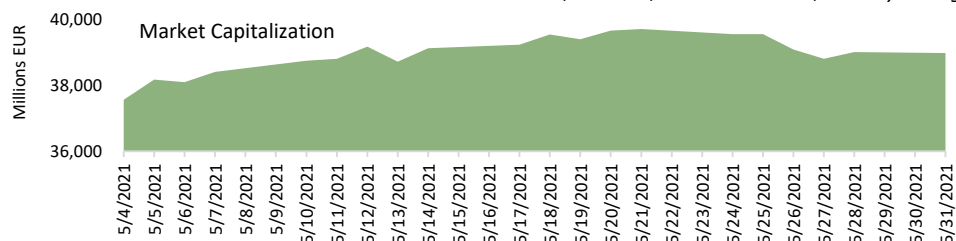
Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 03-07 May 2021</b>	17,410	110,983,620	32,624,687	20.58%
<b>Total 10-14 May 2021</b>	23,812	160,581,240	40,410,015	25.49%
<b>Total 17-21 May 2021</b>	24,444	147,478,159	38,840,694	24.50%
<b>Total 24-28 May 2021</b>	23,134	138,974,582	43,218,303	27.26%
<b>Total 31 May</b>	3,142	12,703,656	3,430,388	2.16%
<b>Total May 2021</b>	<b>91,942</b>	<b>570,721,257</b>	<b>158,524,087</b>	<b>100.00%</b>

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for May 2021 = 4.9247 LEI/EUR

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

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	38,627,637	29.07%	3,290,613	33.60%	41,918,250	29.38%
FP	20,925,248	15.75%	0	0.00%	20,925,248	14.67%
SNP	14,340,543	10.79%	0	0.00%	14,340,543	10.05%
TRP	7,877,240	5.93%	0	0.00%	7,877,240	5.52%
EL	6,754,024	5.08%	694,862	7.10%	7,448,886	5.22%
BRD	6,083,336	4.58%	930,698	9.50%	7,014,034	4.92%
SNN	5,200,259	3.91%	0	0.00%	5,200,259	3.64%
SNG	4,316,498	3.25%	0	0.00%	4,316,498	3.03%
M	3,457,632	2.60%	0	0.00%	3,457,632	2.42%
EBS	2,804,974	2.11%	0	0.00%	2,804,974	1.97%
ELGS	47,173	0.04%	2,690,395	27.47%	2,737,568	1.92%
EVER	1,093,969	0.82%	849,798	8.68%	1,943,767	1.36%
DIGI	1,738,477	1.31%	0	0.00%	1,738,477	1.22%
SFG	1,718,247	1.29%	0	0.00%	1,718,247	1.20%
ALR	1,516,895	1.14%	0	0.00%	1,516,895	1.06%
<b>Top 15 Total</b>					<b>87.58%</b>	

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for May 2021 = 4.9247 LEI/EUR



Source: BSE

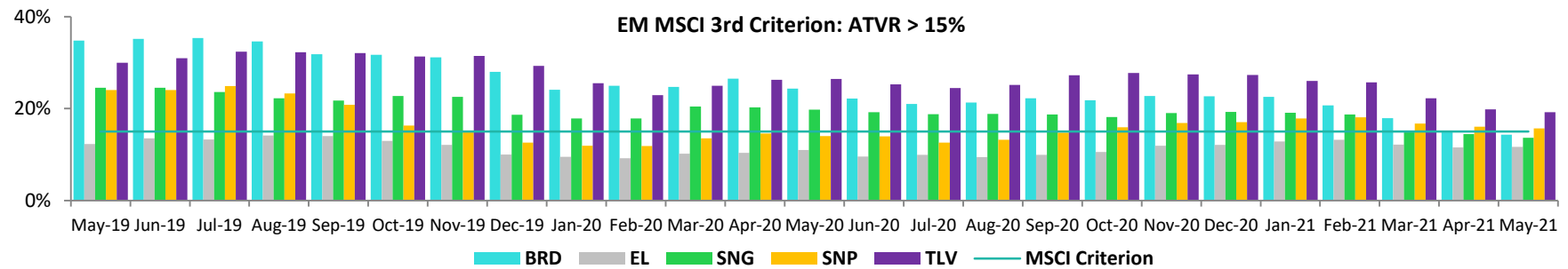
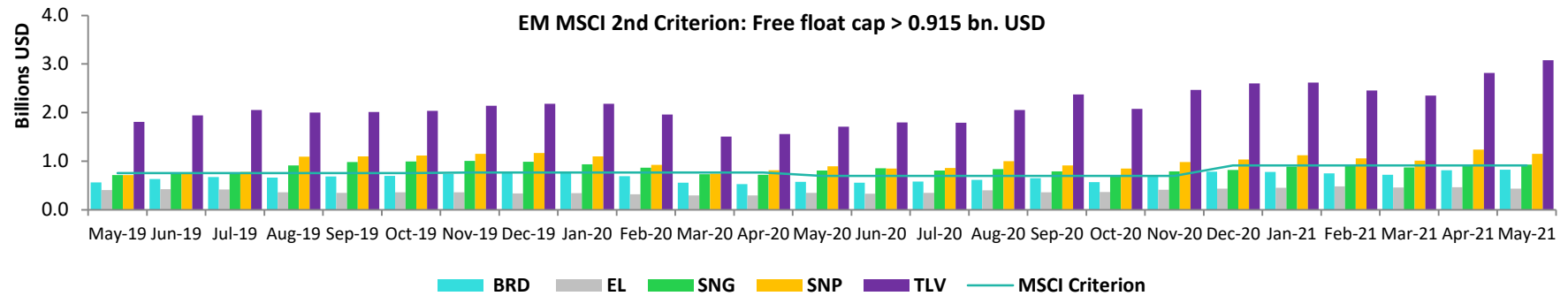
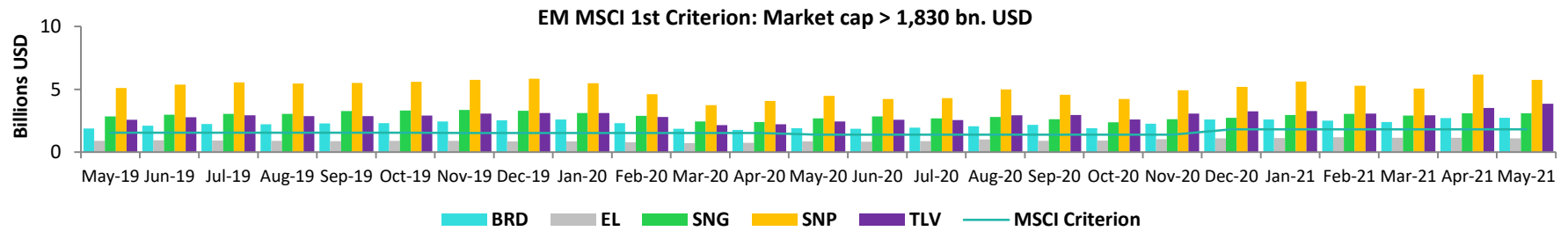
### Top of intermediaries during May 2021

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	BT CAPITAL PARTNERS	54,798,221	19.04
2	BANCA COMERCIALA ROMANA	41,059,445	14.27
3	SWISS CAPITAL S.A.	40,268,506	13.99
4	TRADEVILLE	29,522,655	10.26
5	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	28,664,506	9.96
6	SSIF BRK FINANCIAL GROUP S.A.	21,981,642	7.64
7	IFB FINWEST	11,951,762	4.15
8	GOLDRING	11,476,866	3.99
9	RAIFFEISEN CENTROBANK AG	8,879,609	3.09
10	BRD Groupe Societe Generale	8,749,364	3.04
11	ESTINVEST	6,970,957	2.42
12	PRIME TRANSACTION	6,743,003	2.34
13	CONCORDE SECURITIES LTD	5,354,425	1.86
14	Alpha Bank Romania SA	3,572,967	1.24
15	INTERFINBROK CORPORATION	2,686,689	0.93
<b>Top 15 Total</b>			<b>98.22</b>

The market capitalization registered an increase of 24% at the end of May 2021 compared to the end of 2020 and an increase of 6% compared to the end of 2019.

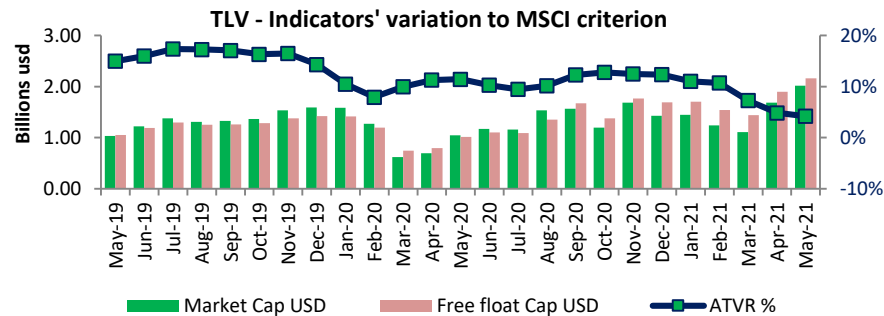
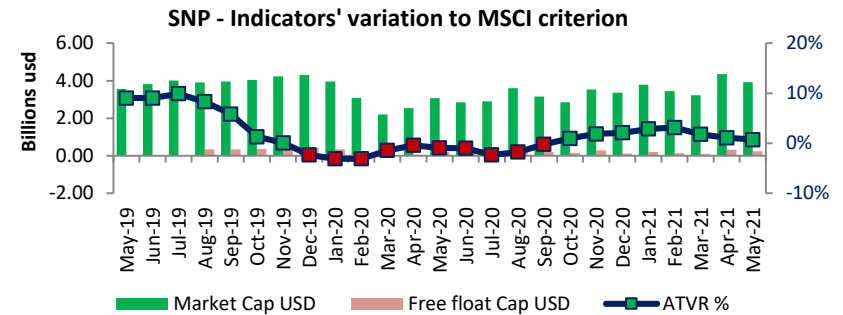
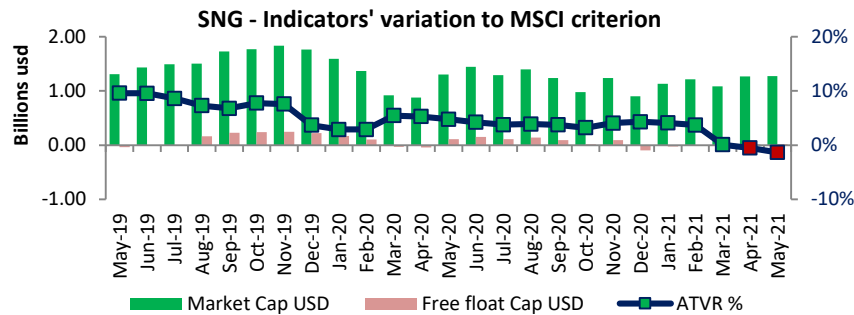
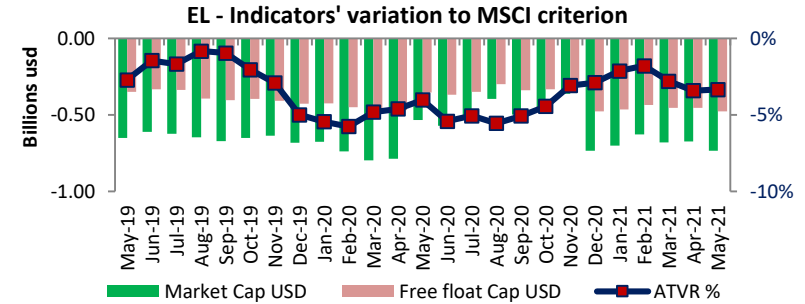
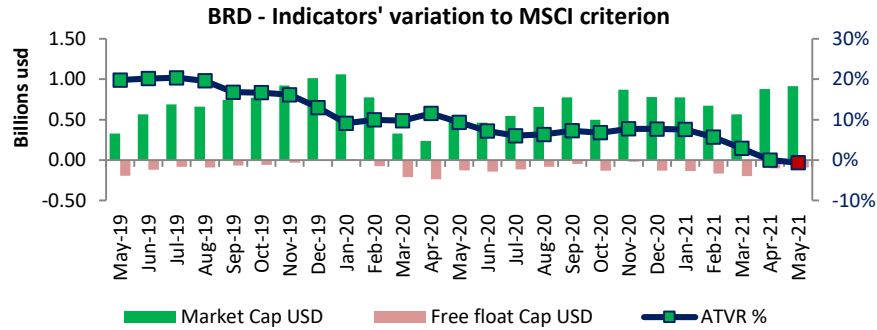
In May 2021, the first 3 companies traded on BVB were Banca Transilvania (TLV) with a share of 29.38% of the total value traded in that period, Fondul Proprietatea (FP: 14.67%) and OMV PETROM (SNP: 10.05%).

## MSCI: Quantitative Indicators for Emerging Market Status



Source: FSA's calculations, May 2021

## MSCI: Quantitative Indicators for Emerging Market Status



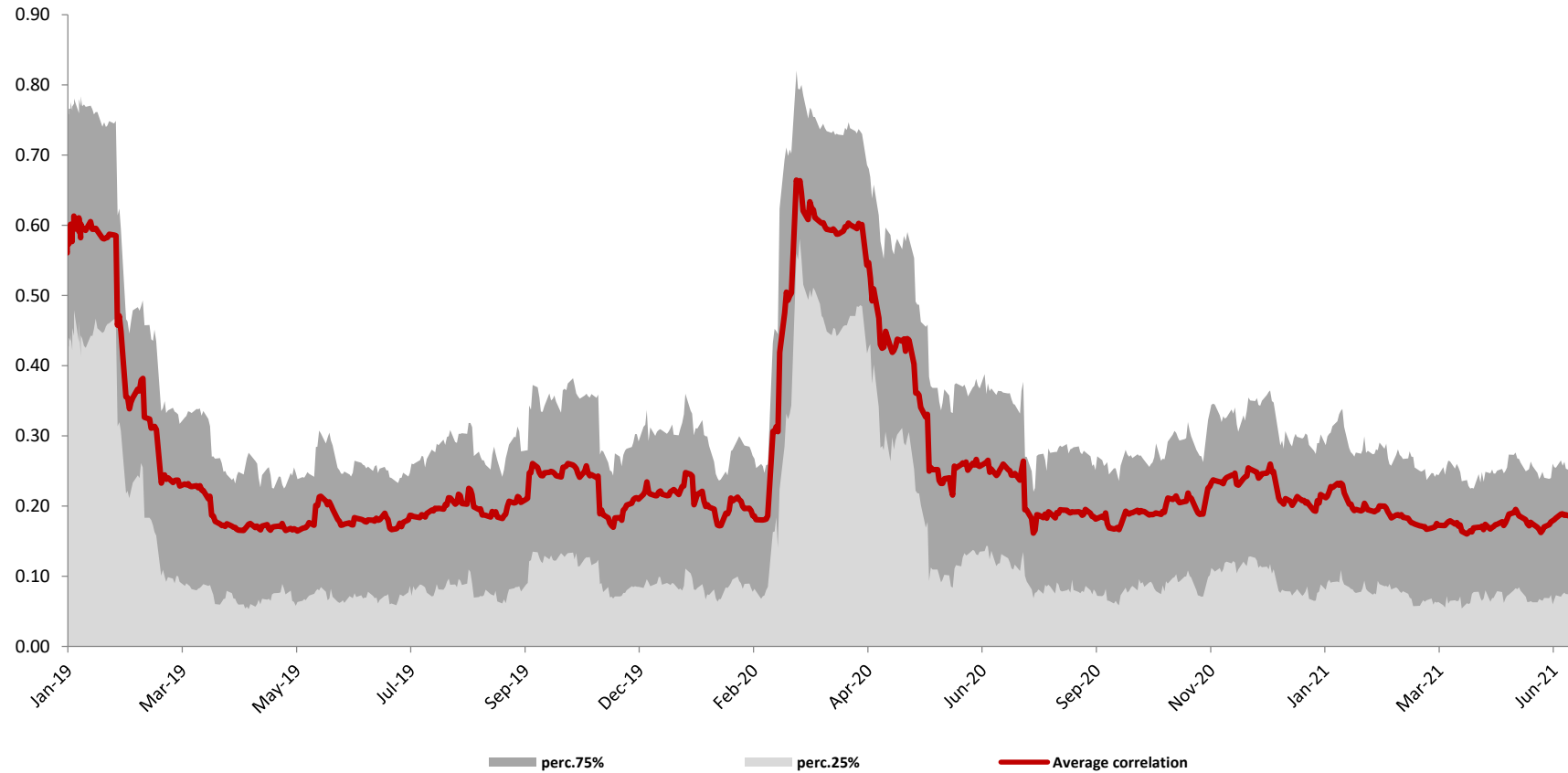
**Indicators' variation to MSCI criterion (May 2021)**

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.92	(0.09)	-0.63%
EL	(0.73)	(0.48)	-3.34%
SNG	1.27	0.02	-1.34%
SNP	3.92	0.23	0.71%
TLV	2.02	2.16	4.20%

Source: FSA's calculations, May 2021

## Risk assessment and the benefit of diversification

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



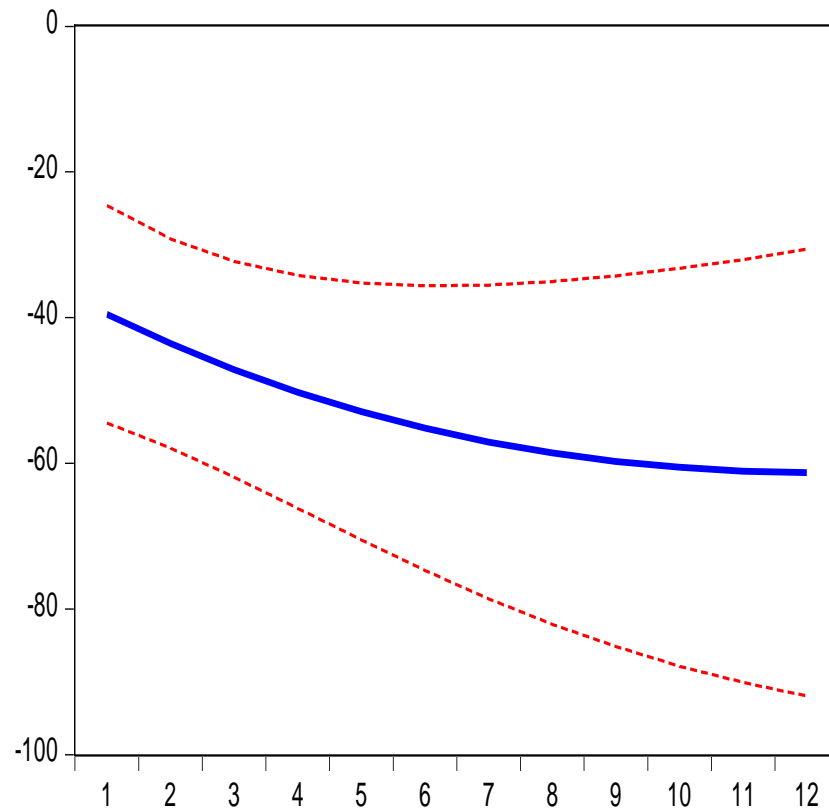
Source: Bloomberg, ASF

At the end of July 2020, 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 May 2021 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

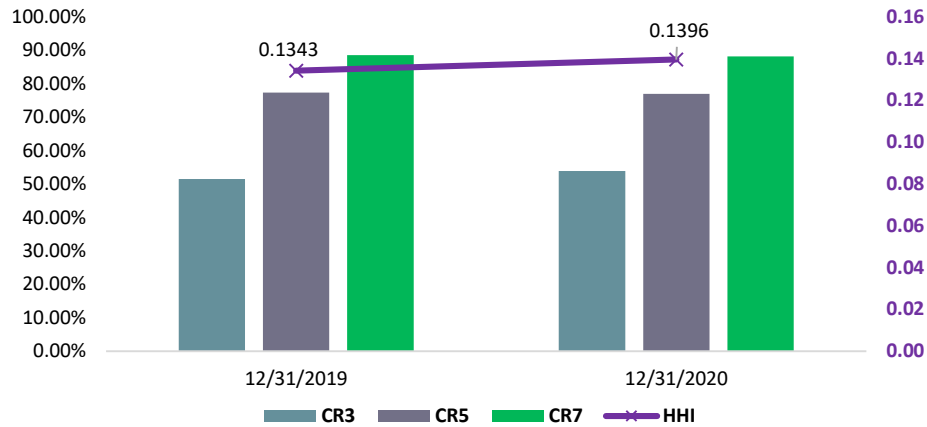


Source: FSA own calculations

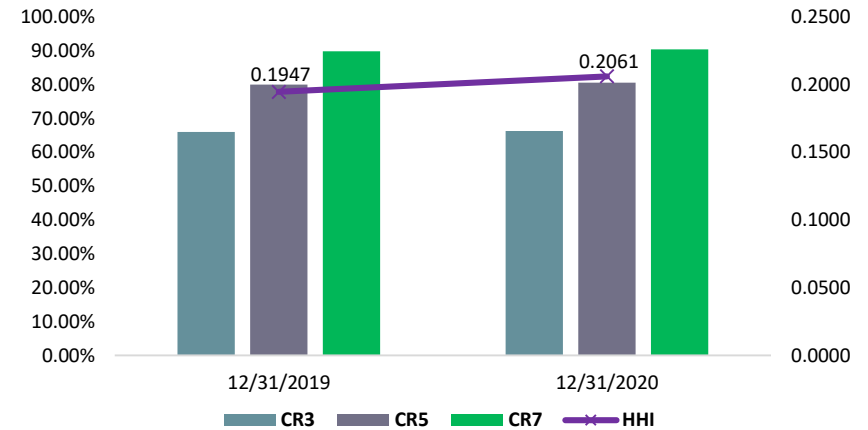


## Concentration risk

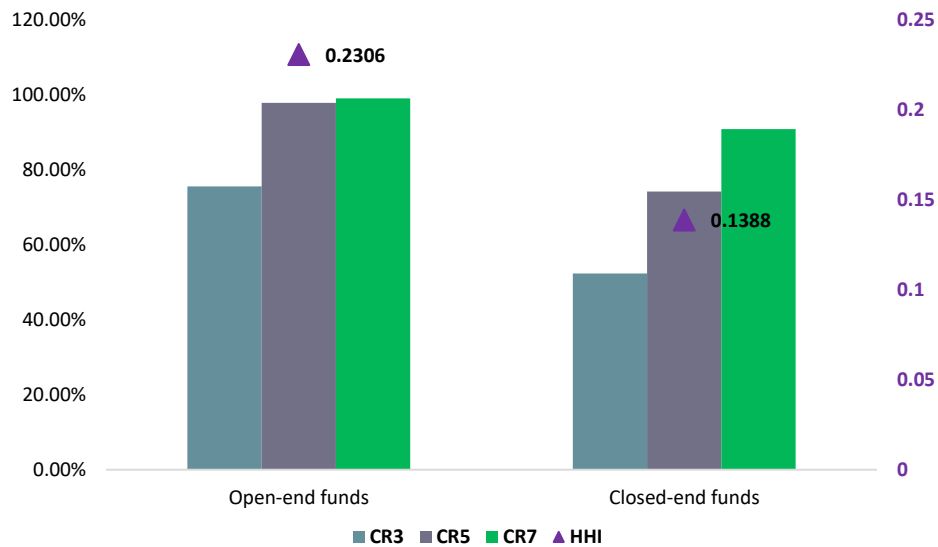
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 31 December 2020)**



**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  
May 2021 – Main segment & MTS, all spot instruments)**

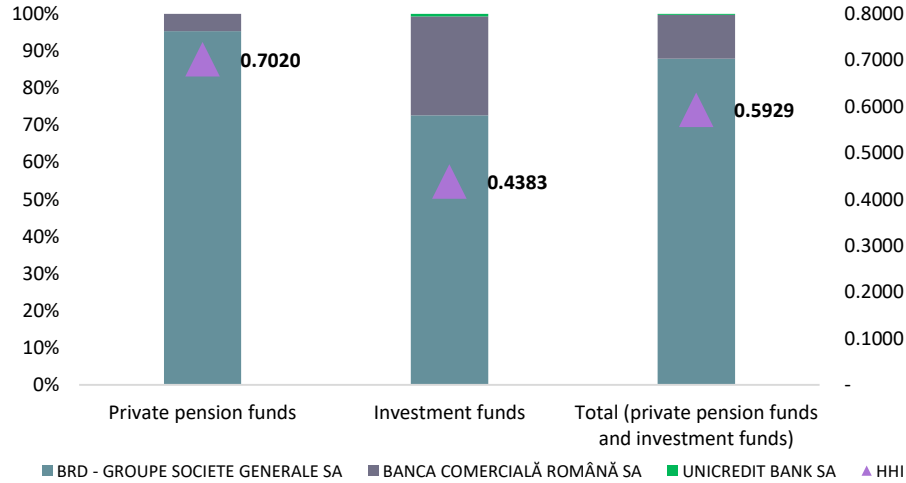


Source: FSA

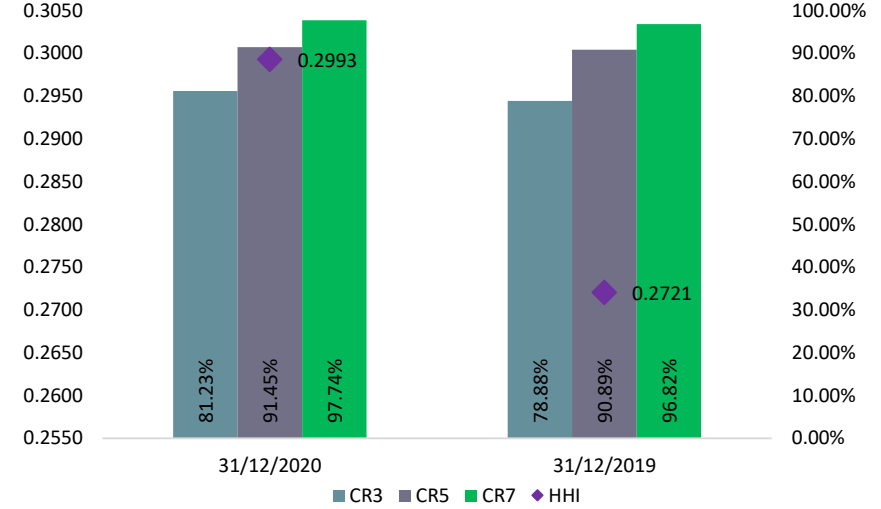
Source: FSA

## Concentration risk

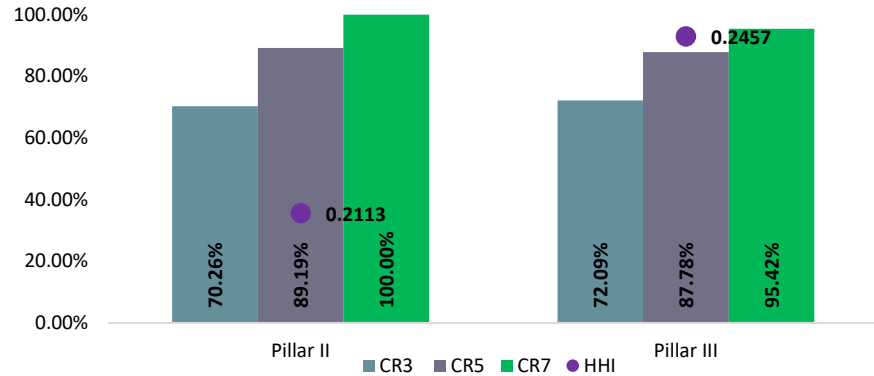
**Concentration risk of depositaries of private pension funds and investment funds (by total assets at 12/31/2020)**



**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 5/31/2021)**



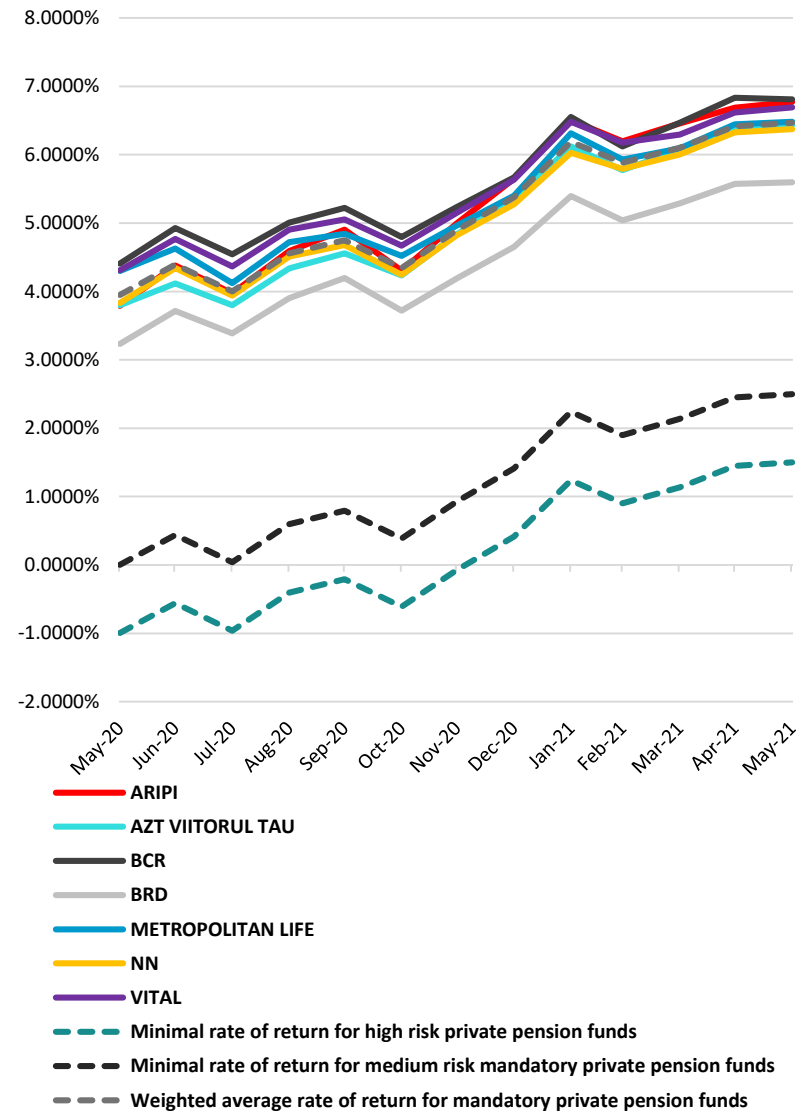
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar III), 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)

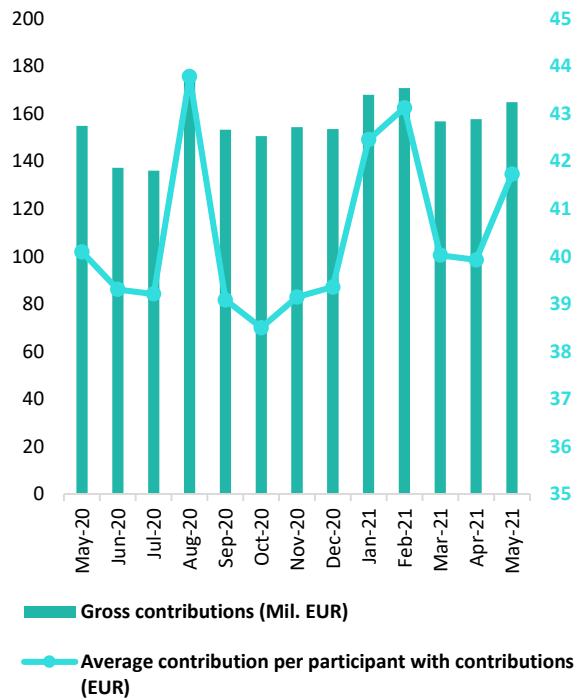
Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 31 May 2021 (EUR)	Participants (persons) May 2021	Rate of return May 2021
ARIPI*	1,503,246,809	798,789	6.77%
AZT VIITORUL TAU	3,615,424,251	1,620,320	6.44%
BCR	1,151,684,034	701,623	6.81%
BRD	663,681,532	486,362	5.60%
METROPOLITAN LIFE	2,329,462,065	1,074,931	6.48%
NN	5,853,751,661	2,047,193	6.37%
VITAL	1,675,535,025	964,757	6.69%
<b>Total</b>	<b>16,792,785,376</b>	<b>7,693,975</b>	<b>n/a</b>

Rate of return for mandatory pension funds



Evolution of gross contributions



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

**6,972**  
persons

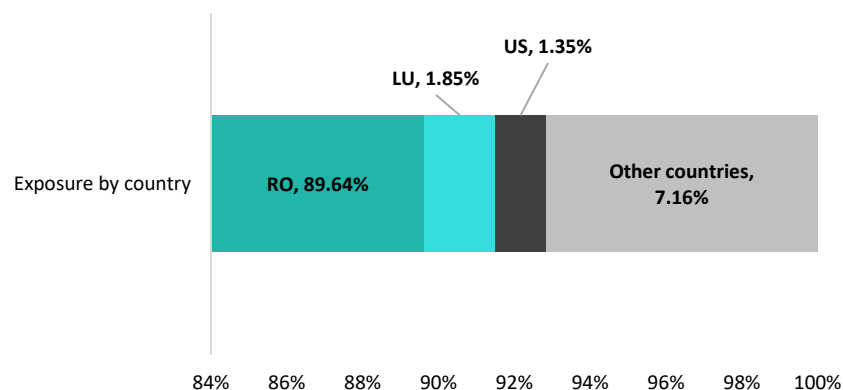
Source: FSA

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

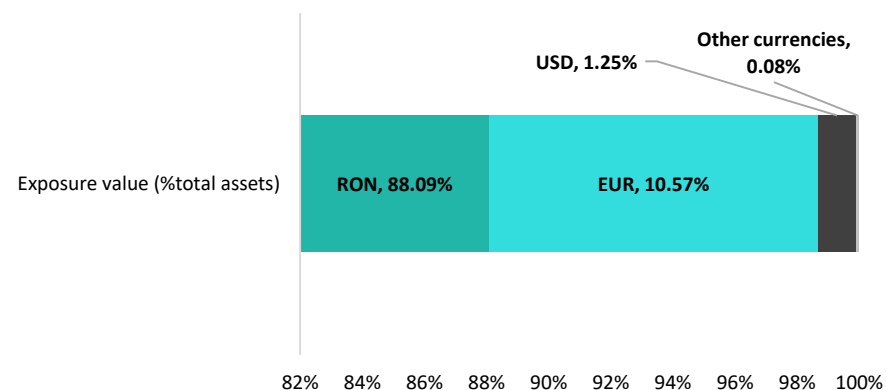
Mandatory pension fund's portfolio at 31 May 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,801,491,597	64.32%
Equity	4,006,814,736	23.86%
Corporate bonds	701,057,646	4.17%
Investment funds	533,755,117	3.18%
Supranational bonds	361,333,939	2.15%
Bank deposits	291,902,186	1.74%
Municipal bonds	38,295,555	0.23%
Other assets	34,884,700	0.21%
Metal funds	23,278,352	0.14%
Derivatives	(28,450)	-0.0002%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



Source: FSA

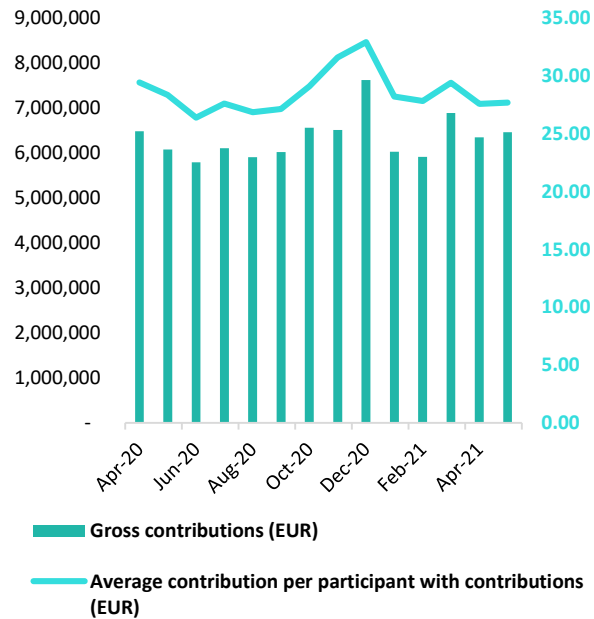
The value of the total assets of the privately managed pension funds reached EUR 16.79 billion at the end of May 2021, registering an annual rate of growth of 28%. At the end of May 2021, the privately managed pension funds' investments were generally made locally, in a percentage of 90%, a large majority 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)

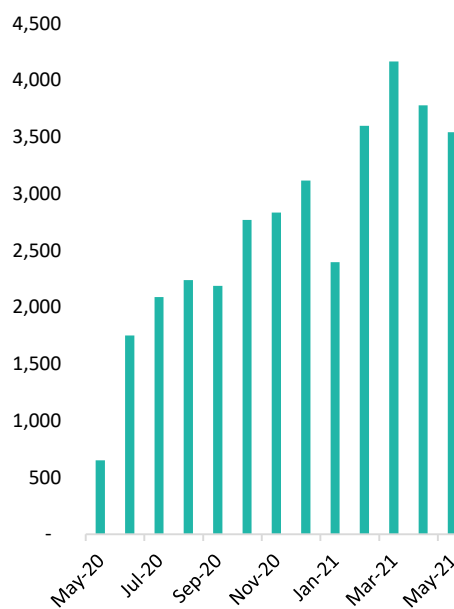
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 31 May 2021	Participants (persons) May 2021	Rate of return May 2021
AEGON ESENTIAL	2,102,531	3,905	8.6352%
AZT MODERATO	66,704,461	40,436	8.6527%
AZT VIVACE	24,897,393	20,317	9.7059%
BCR PLUS	113,779,922	139,663	7.8609%
BRD MEDIO	34,624,330	34,566	6.6127%
GENERALI STABIL	6,387,080	5,508	8.3578%
NN ACTIV	75,229,271	56,613	8.2450%
NN OPTIM	276,762,504	204,967	7.2469%
PENSIA MEA	21,078,065	19,318	6.3868%
RAIFFEISEN ACUMULARE	24,493,152	15,077	8.4036%
<b>Total</b>	<b>646,058,710</b>	<b>540,370</b>	<b>n/a</b>

Evolution of gross contributions

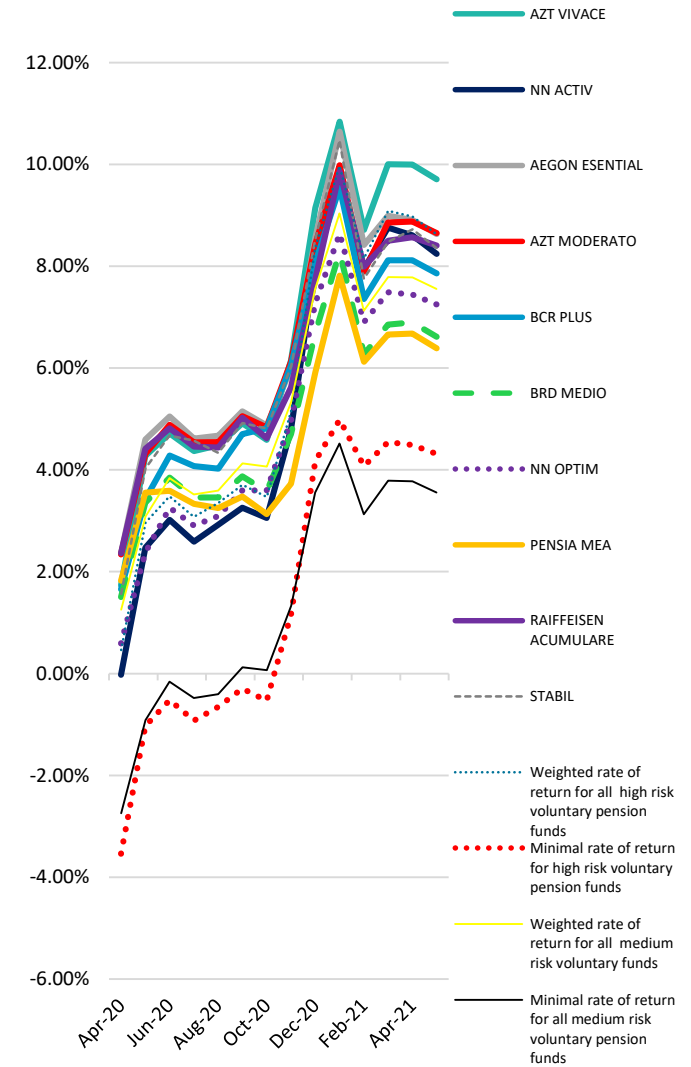


New participants in 3<sup>rd</sup> Pillar



Source: FSA

Rate of return for voluntary pension funds



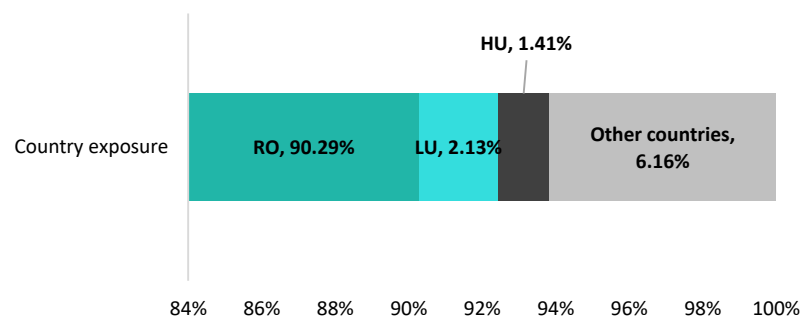
## Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	395,695,637	61.25%
Equity	175,164,138	27.11%
Corporate Bonds	17,957,534	2.78%
Investment Funds	16,669,100	2.58%
Bank Deposits	16,527,208	2.56%
Supranational Bonds	14,165,771	2.19%
Municipal Bonds	4,787,460	0.74%
Oher assets	2,998,184	0.46%
Metal funds	2,076,164	0.32%
Derivatives	17,513	0.00%

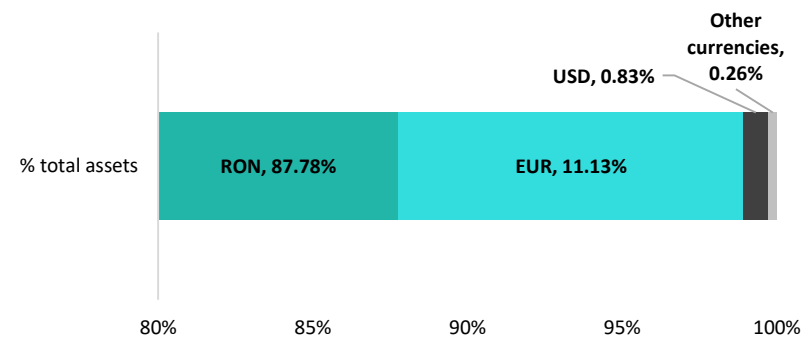
Source: FSA

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



Source: FSA

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

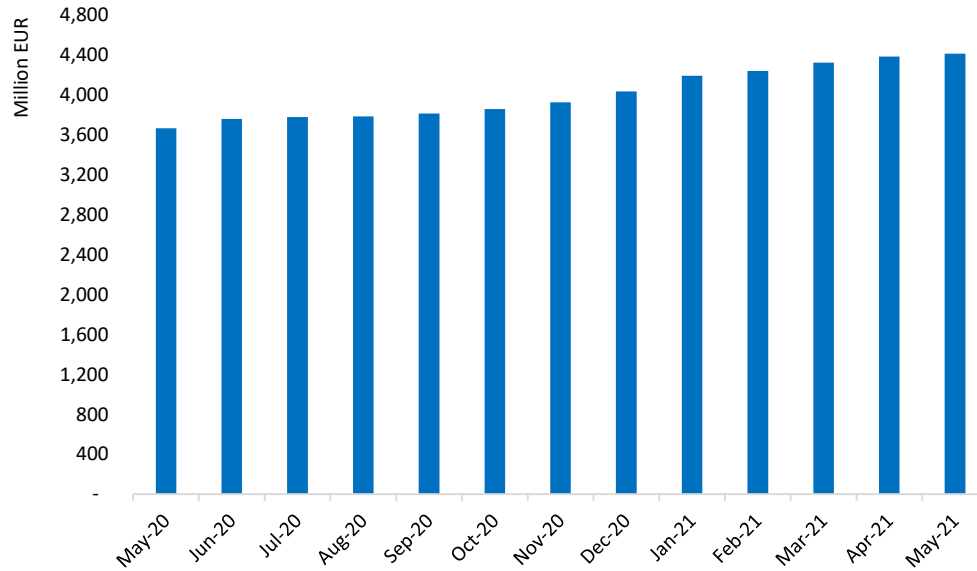


Source: FSA

The value of the total assets of the voluntary pension funds, at the end of May 2021, was EUR 646 million, registering an annual rate of growth of 24%. At the end of May 2021, the voluntary pension funds' investments were generally made locally, in a percentage of 90%, a large majority being denominated in lei.

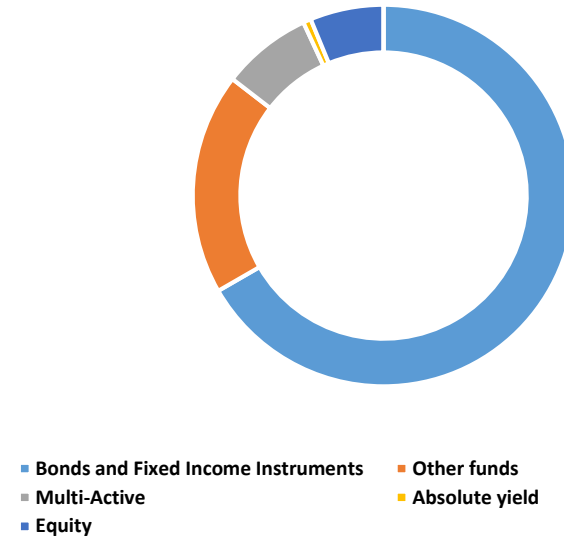
## Specific developments in the investment funds sector

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



Source: AAF

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



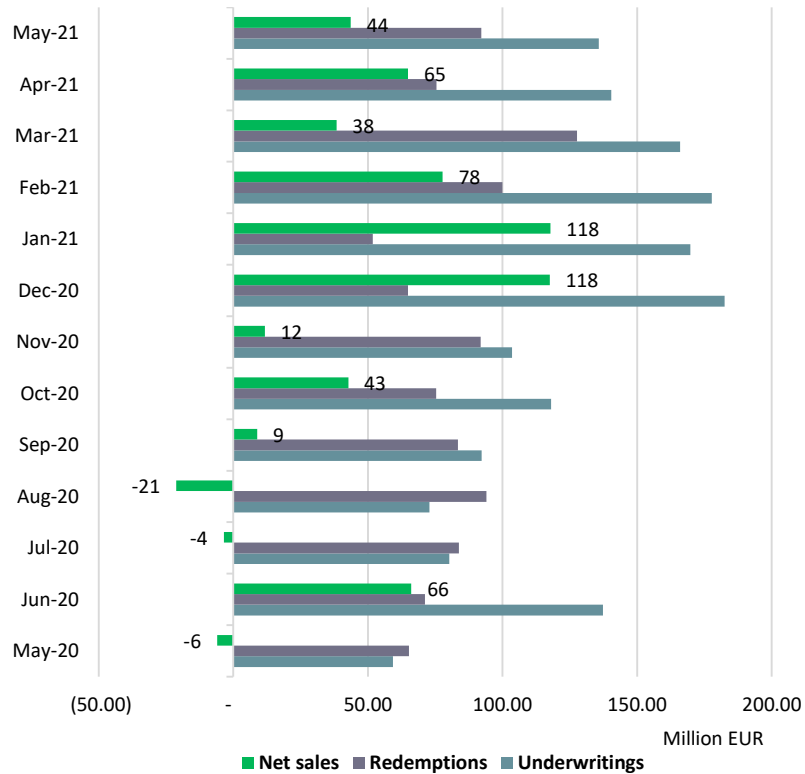
According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 4.41 billion in May 2021, an increase of approximately 0.6% compared to the previous month. Net assets of all categories of investment funds increased in May 2021 compared to the previous month, except for the Multi-Active funds.

In May 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%.

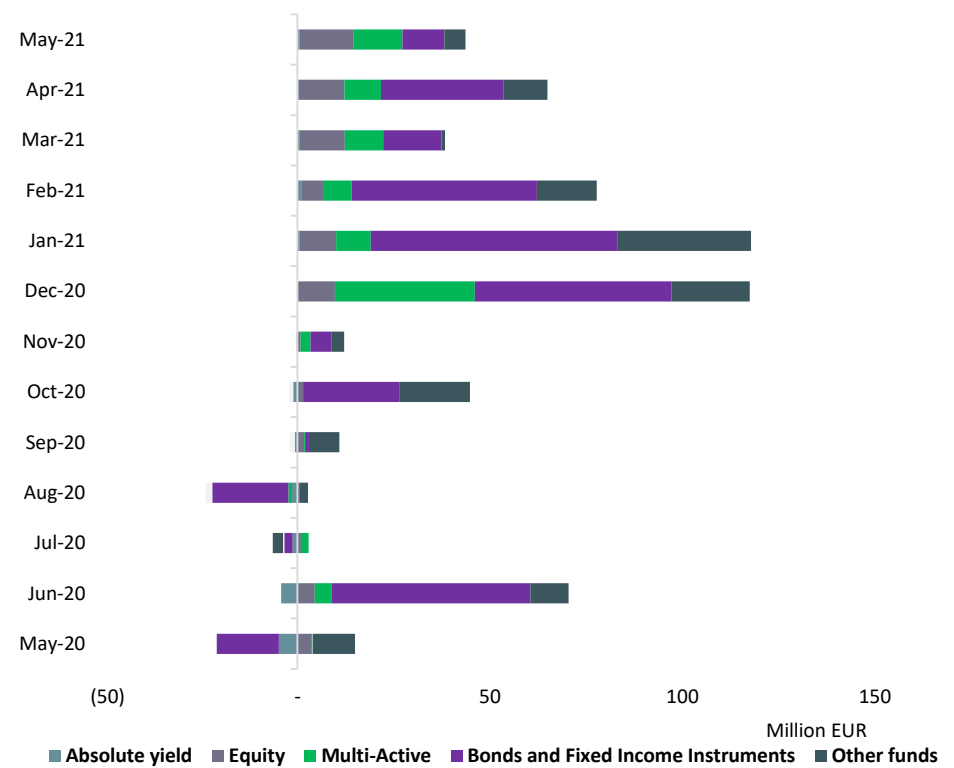
<sup>1</sup> There was a change in Open end investment funds' classification

## 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)**



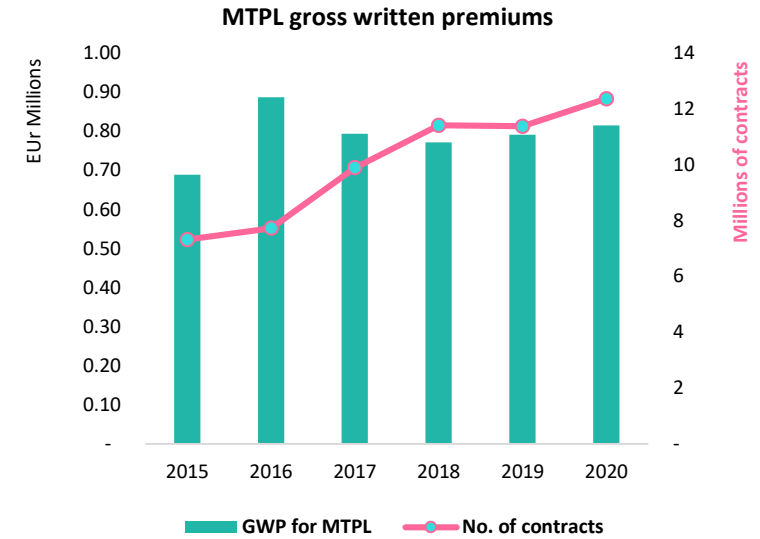
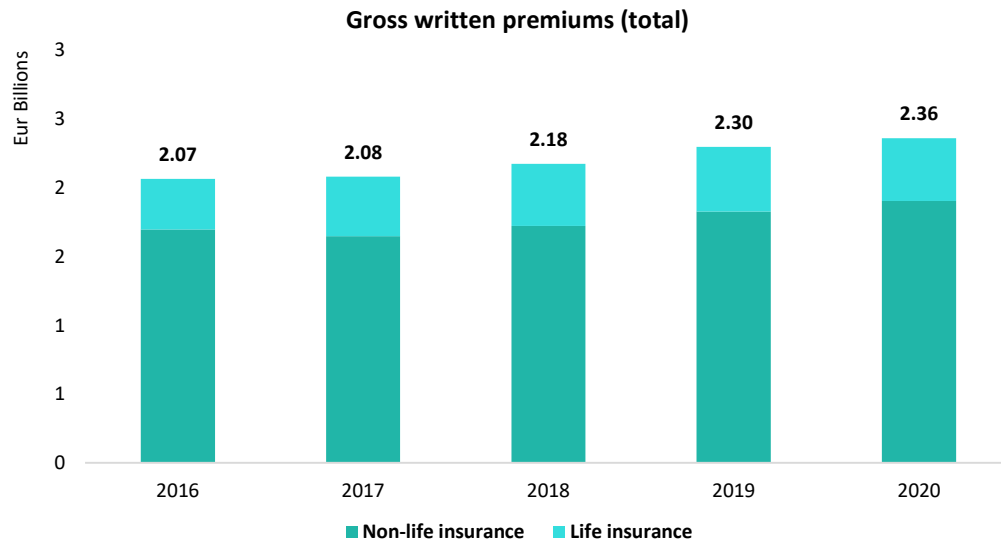
Source: AAF

In May 2021, local investment funds registered underwritings amounting to approximately EUR 138 million, while the value of redemptions was about EUR 92 million. Thus, in May 2021, the cumulative value of the net inflows of local open-end investment funds was about EUR 44 million.



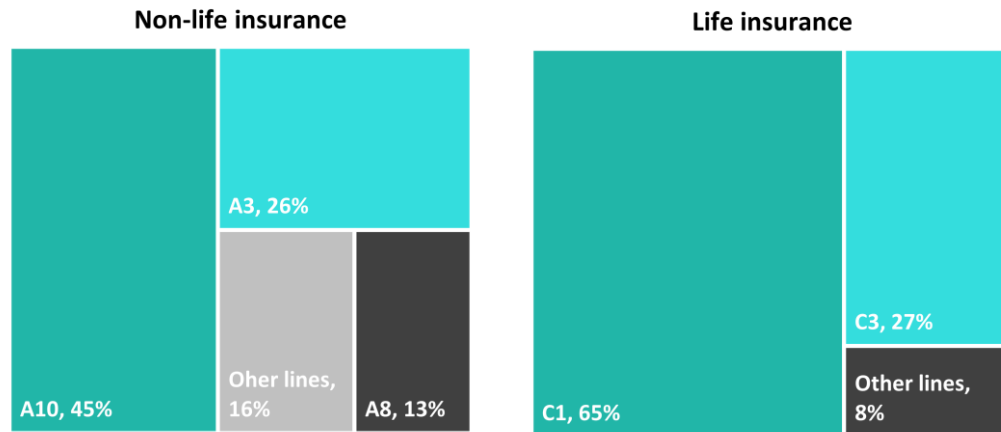
## Specific developments in the insurance market in Romania

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

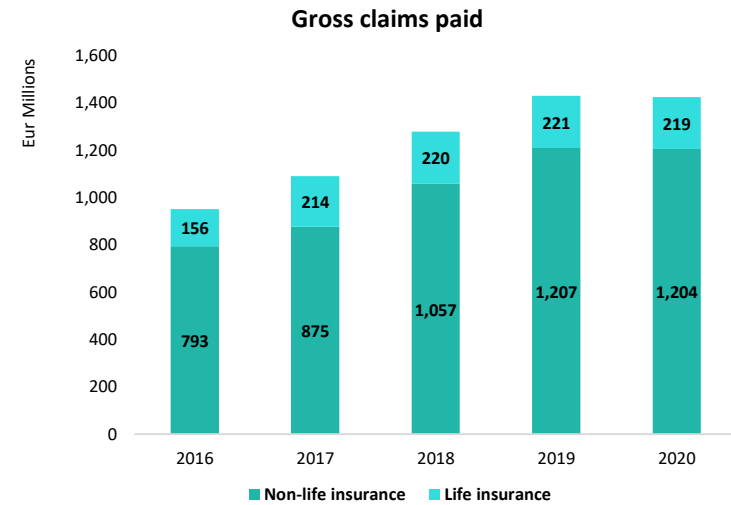


Source: FSA

### Share of main insurance classes by GWP

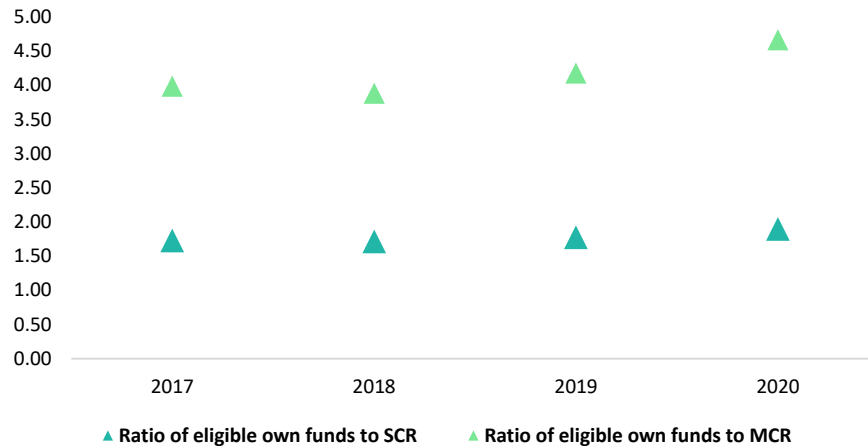


Source: FSA

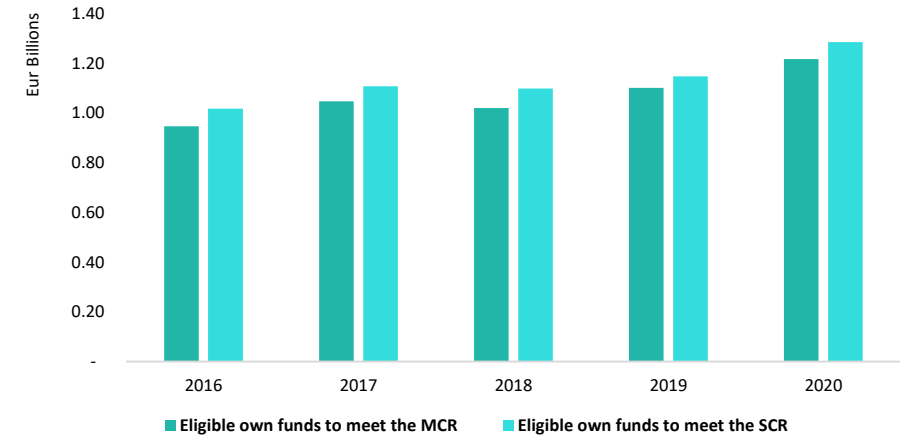


## Specific developments in the insurance market in Romania

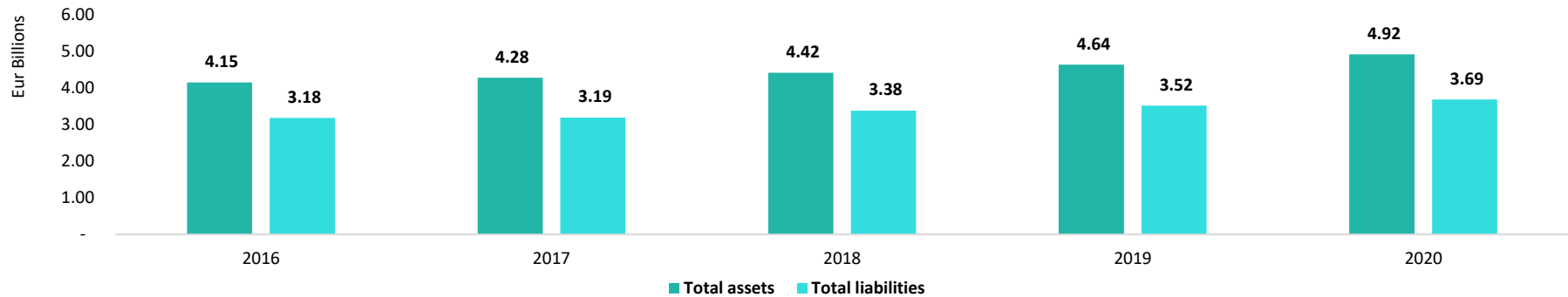
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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 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 May 2021

<b>EUROPEAN UNION</b>	<ul style="list-style-type: none"><li>• 12 May: <a href="#">European Commission publishes Spring 2021 Economic Forecast.</a></li></ul>
<b>ESMA</b>	<ul style="list-style-type: none"><li>• 20 May: <a href="#">ESMA proposes lowering the reporting threshold for net short positions to 0.1% on a permanent basis.</a></li><li>• 25 May: <a href="#">ESMA launches call for evidence on digital finance.</a></li><li>• 25 May: <a href="#">ESMA presents Guidelines on the calculation of positions under SFTR.</a></li><li>• 26 May: <a href="#">ESMA responds to European Commission consultation on the ESAs.</a></li><li>• 28 May: <a href="#">ESMA consults on Guidelines for data transfer between trade repositories under EMIR and SFTR.</a></li></ul>
<b>EIOPA</b>	<ul style="list-style-type: none"><li>• 6 May: <a href="#">EIOPA updates its Risk Dashboard based on the fourth quarter of 2020 Solvency II data.</a></li></ul>
<b>ECB</b>	<ul style="list-style-type: none"><li>• 19 May: <a href="#">ECB releases May 2021 Financial Stability Review.</a></li></ul>