

Monthly Market Report

The annual inflation rate in the euro area was 1.9% in June 2021, decreasing from May (2.0%).

FSA No
7/07.26.2021

- In Romania, the volume of retail trade turnover increased in May 2021 by 18.3% as gross series and by 22.0% as a seasonally adjusted series compared to May 2020
- The seasonally adjusted unemployment rate in Romania was 5.5% in May 2021, down by 0.2 pp from the previous month (5.7%), according to data published by NIS.
- The value of the total assets of the privately managed pension funds reached EUR 17.14 billion at the end of June 2021, registering an annual rate of growth of 28%.

According to data published by Eurostat, in the first quarter of 2021, the **seasonally adjusted GDP** decreased by 0.3% in the euro area and by 0.1% in the EU compared to the previous quarter, as a result of containment measures imposed by states. These developments took place after the euro area and EU economies recorded the largest contractions in the second quarter of 2020 (-11.5% in the euro area and -11.1% in the EU), followed by robust economic recovery in the third quarter of 2020 (+12.6% in the euro area and +11.7% in the EU). Compared to the same period of the previous year, seasonally adjusted GDP fell by 1.3% in the euro area and by 1.2% in the EU in the first quarter of 2021.

Romania's GDP increased by 2.9% 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 recorded a decrease by 0.2% for the gross series and an increase of 0.1% 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	4.8	4.5	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	3.6	4.6	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	6.2	6.3	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	6.0	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	5.0	4.2	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	4.6	4.1	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	5.4	5.9	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	6.3	5.0	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	4.8	5.2	3.5	4.5
Romania	5.2	4.2	3.4	3.7	4.1	2.8	-10.0	-5.5	-2.0	-3.9	0.1	7.4	4.9	6.0	4.8

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

The annual inflation rate in the euro area was 1.9% in June 2021, decreasing from May (2.0%), while at EU level annual inflation was 2.2%, decreasing from 2.3% in the previous month. Portugal (-0.6%), Malta (0.2%) and Greece (0.6%) had the lowest inflation rates, while Hungary (5.3%), Poland (4.1%) and Estonia (3.7%) recorded the highest rates.

In Romania, the annual inflation rate (CPI) was 3.94% in June 2021, up compared to the previous month (+3.75%). The most significant contribution to the annual inflation rate came from the increasing prices of non-food goods (+5.71%), followed by services (+2.66%) and food goods (+2.17%).

The **volume of construction works** increased in Romania by 6.1% as gross series, and by 7.0% as seasonally adjusted series in May 2021 compared to the similar period of the previous year. The most significant increase was registered by the volume of new construction works (+14.7%), while the most significant decreases were registered by the volume of current maintenance and repair works (-8.9%) and by the volume of capital repair works (-7.6%). By construction type, the gross series shows increases in the volume of residential buildings (+40.6%). Engineering construction works (-4.4%) and non-residential buildings (-1.3%) decreased.

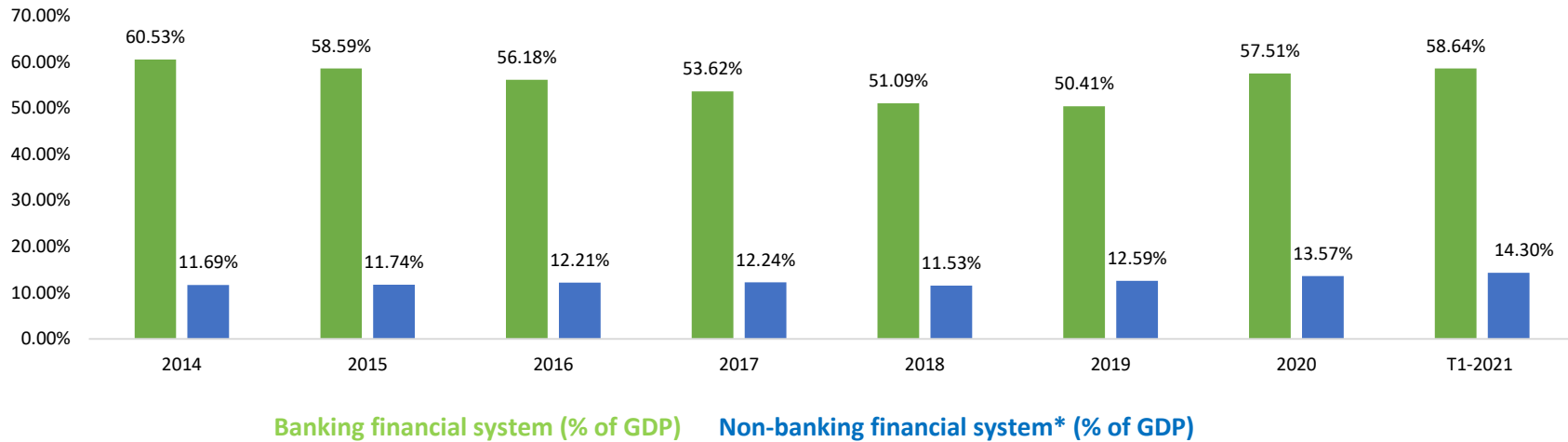
Turnover from market services provided mainly to enterprises increased in Romania in May 2021 compared to the same period of the previous year by 29.9% as gross series and by 30.9% as seasonally adjusted series. The highest increase was registered by the activities in film production, video, television programs, broadcasting and transmission of programs (+58.4%), followed by transport activities (+39.0%), other services provided mainly to enterprises (+28.8%), information services and information technology (+26.1%) and by the communications activities (+9.5%).

In Romania, the industrial production increased by 28.9% as gross series and by 30.3% as seasonally adjusted series in May 2021 compared to May 2020. The most significant increases were recorded by the manufacturing industry (+32.9%), production and supply of electricity and heat, gas, hot water and air conditioning (+14.9%) and by the extractive industry (+8.5%)

Retail trade (seasonally adjusted series) increased by 4.6% both in the euro area and in the European Union in May 2021 compared to the previous month. Compared to the same period of the previous year, retail trade (seasonally adjusted series) increased by 9.0% in the euro area and by 9.2% in the EU in May 2021. **In Romania, the volume of retail trade turnover** increased in May 2021 by 18.3% as gross series and by 22.0% as a seasonally adjusted series compared to May 2020. The increase in the volume of retail trade turnover was due to the increases in the retail trade of automotive fuel in specialized stores (+32.4%) followed by the retail trade of sales of non-food products (+27.5%) and the sales of food, beverages and tobacco (+2.4%).

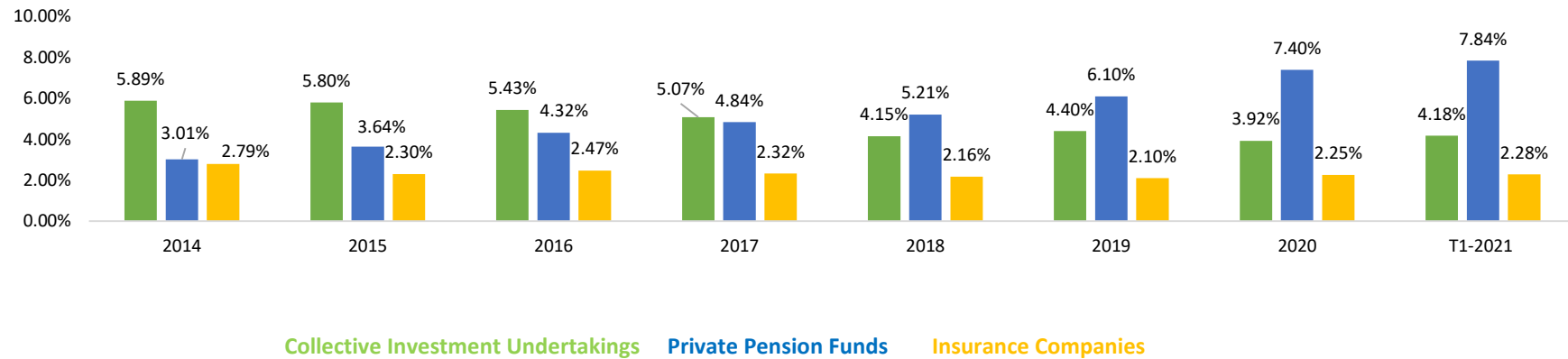
The size of the banking vs. non-banking financial sector

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



*IFNs are not included

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



Source: NBR, NIS, FSA

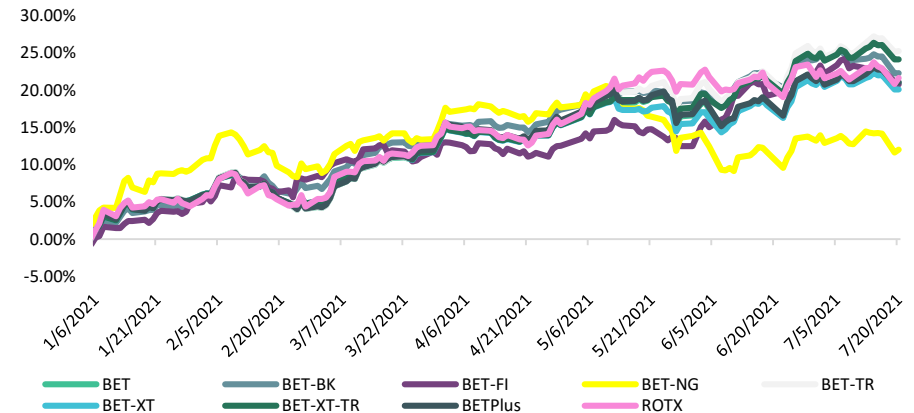
Current trends and headlights on Romanian markets

Romanian stock indices evolution in 2021 (30.12.2020 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
7/20/2021	20.95%	22.27%	20.76%	12.02%	25.23%

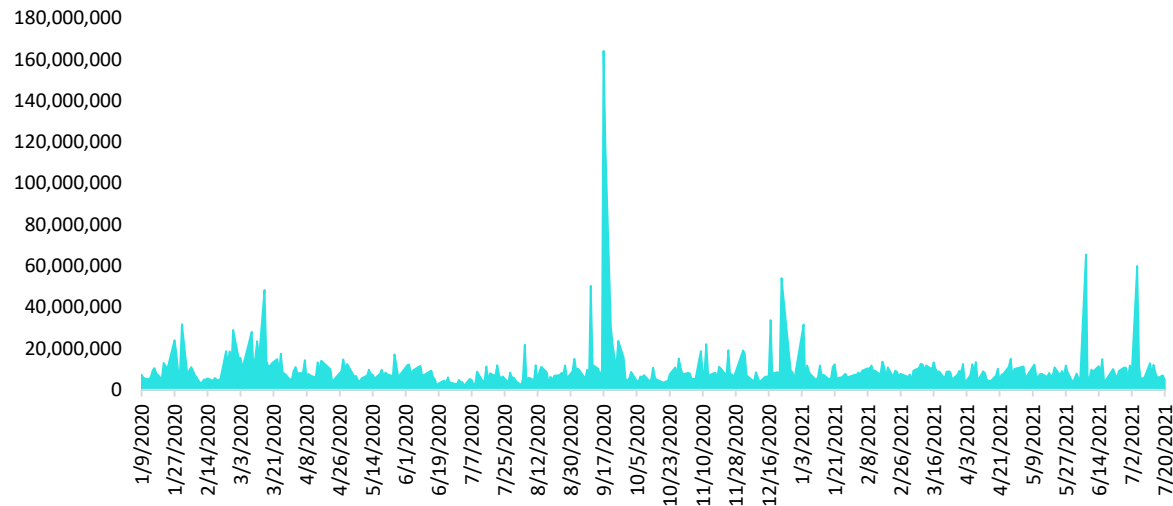
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
7/20/2021	20.07%	24.10%	21.03%	21.59%

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
Romania	34.7	33.8	33.8	35.2	35.3	37.4	40.7	43.1	47.3
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 in 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 indebtedness of the EU member states of 90.8% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 2.4 billion in January-May 2021 (compared with EUR 758 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 5.9 billion in the first five months of 2021, compared to EUR 3.2 billion in the same period of the previous year.

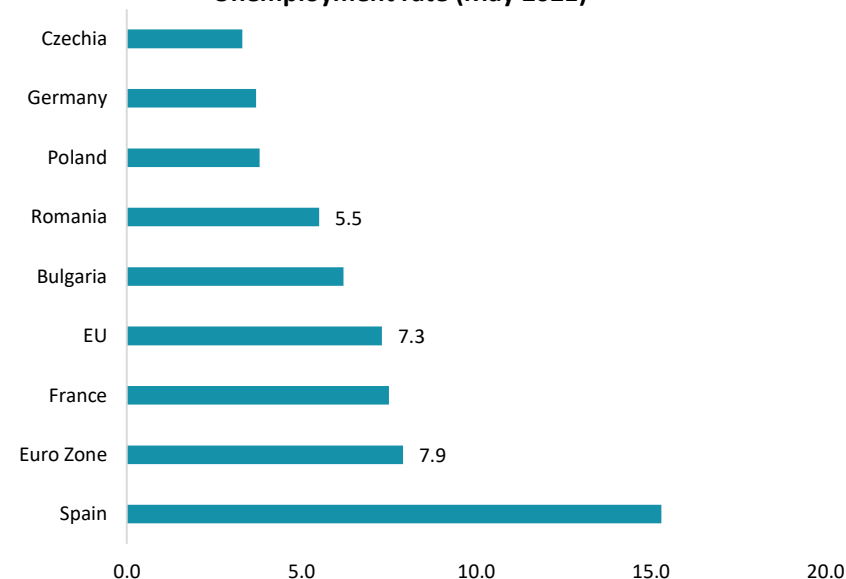
The evolution of the current account was accompanied by an increase in total external debt by EUR 1.06 billion in January – May 2021 to EUR 127 billion.

The seasonally adjusted unemployment rate in the euro area was 7.9%, down 0.2 pp compared to April 2021, while the EU unemployment rate was 7.3% in May 2021, down 0.1 pp in the previous month.

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

At local level, the unemployment rate among men (5.6%) is higher than the unemployment rate for women (5.3%).

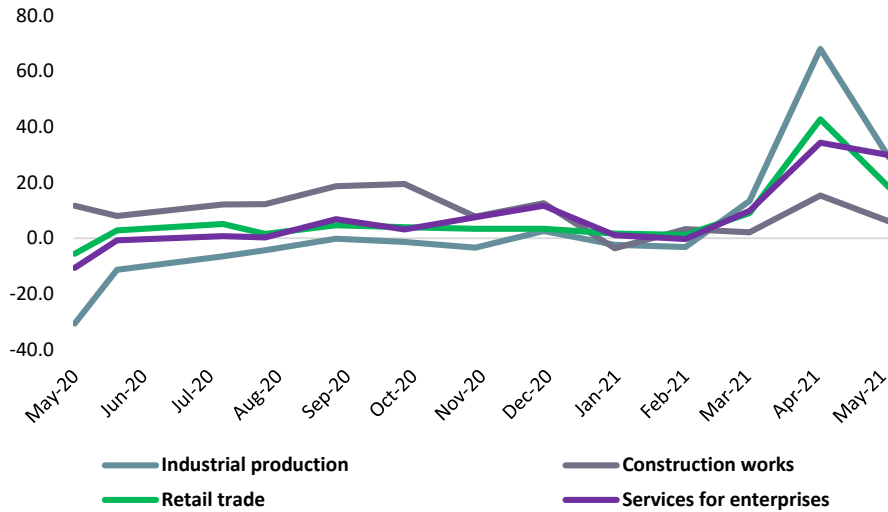
Unemployment rate (May 2021)



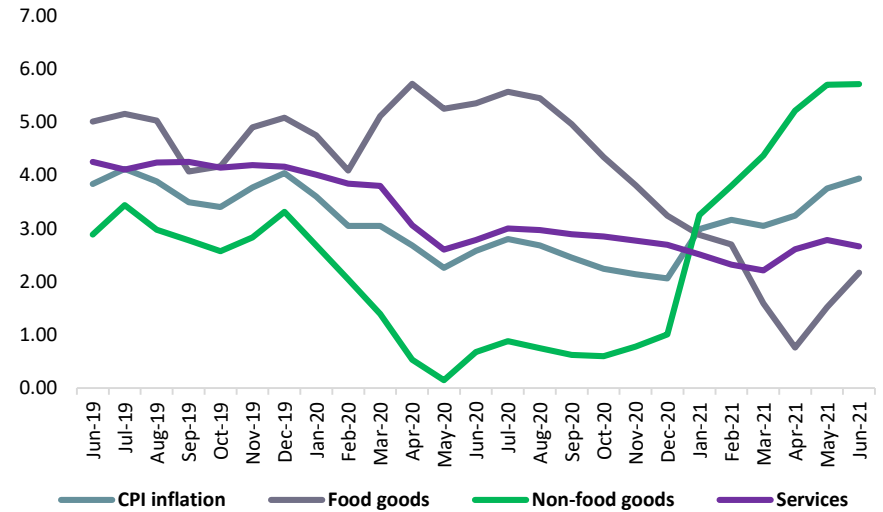
Source: Eurostat

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

Main sector indicators (annual rate of change, %)

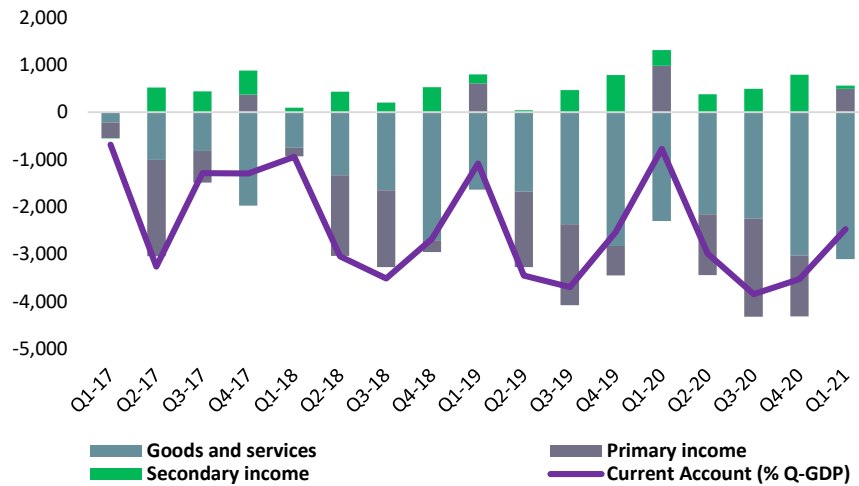


Inflation, monthly data (annual rate of change)



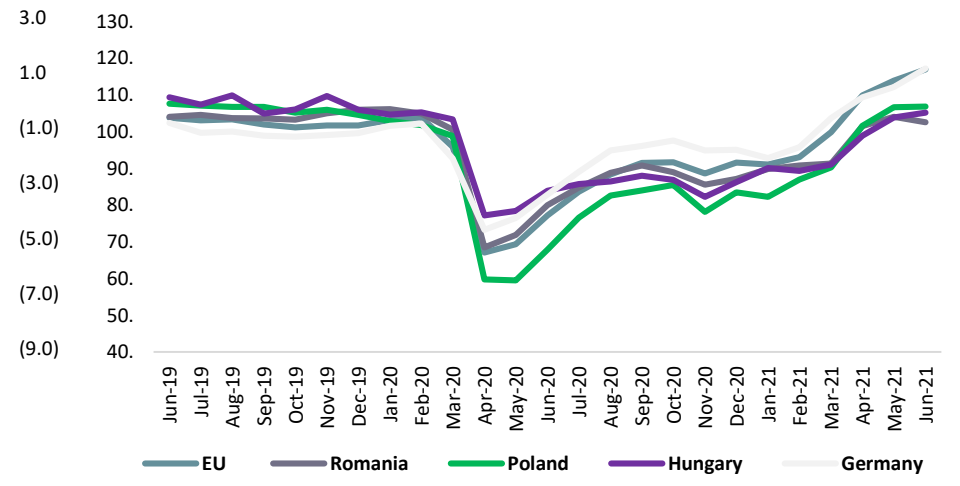
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

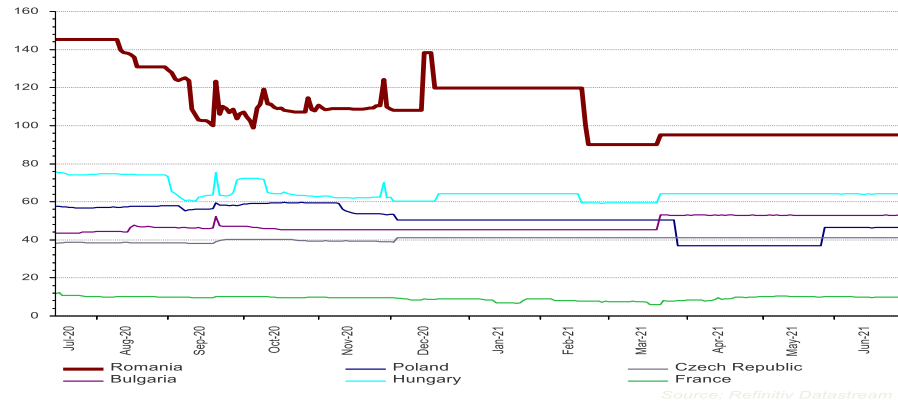
The economic sentiment index in EU



Source: Eurostat

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

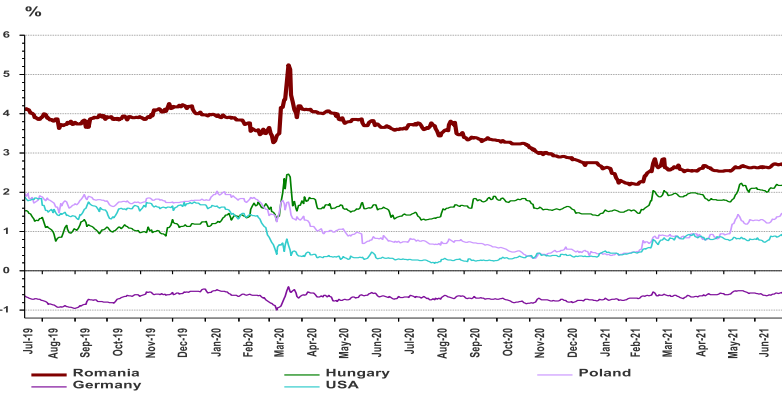
Evolution of Credit Default Swaps quotations (5Y, USD)



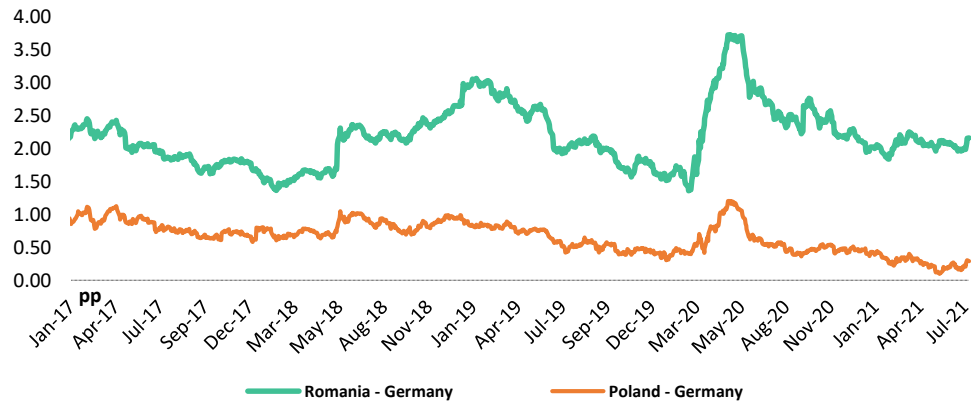
Source: Datastream

Romania 5 - year bond yields increased by 2.4% in June 2021 as compared with the previous month, reaching an average value of 2.67%, while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.59% in June 2021).

Government bond yields (5Y, LC)



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



Source: Datastream, FSA's calculations

Romania CDS quotations remained relatively unchanged in June 2021 compared with the previous month, at an average value of 95.1 bp. French CDS quotations decreased by 2.8% to an average value of 9.88 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 July 2021 it increased slightly which can also be interpreted as a worsening in investors' confidence in Romania's country rating.

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

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	0.81%	4.60%	13.68%
FR (CAC 40)	0.94%	7.26%	17.23%
DE (DAX)	0.71%	3.48%	13.21%
IT (FTSE MIB)	-0.27%	1.84%	12.90%
GR (ASE)	-1.11%	2.29%	9.38%
IE (ISEQ)	-0.70%	1.12%	10.82%
ES (IBEX)	-3.58%	2.81%	9.26%
UK (FTSE 100)	0.21%	4.82%	8.93%
US (DJIA)	-0.08%	4.61%	12.73%
IN (NIFTY 50)	0.89%	7.02%	12.44%
SHG (SSEA)	-0.68%	4.34%	3.40%
JPN (N225)	-0.24%	-1.33%	4.91%

The European indices have recorded mixed developments (1M). The most significant increase was recorded by CAC 40 index (FR: +0.94%), while the most significant decrease was recorded by IBEX index (ES: -3.58%).

The main American and Asian indices showed mixed developments. Therefore, the most significant increase was registered by NIFTY 50 index (IN: +0.89%), while the most significant decrease was recorded by SSEA index (SHG: -0.68%).

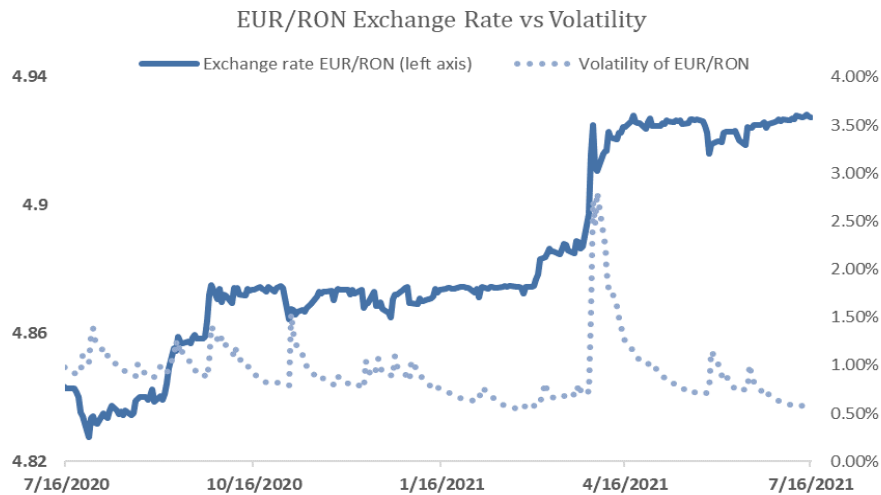
BSE indices	1 M	3 M	6 M
BET	3.87%	6.11%	21.08%
BET-BK	4.67%	8.14%	24.10%
BET-FI	8.79%	8.43%	22.37%
BET-NG	-0.57%	-2.35%	13.20%
BET-TR	5.04%	9.40%	24.90%
BET-XT	4.49%	6.17%	20.68%
BET-XT-TR	5.62%	9.23%	24.22%
BETPlus	3.76%	6.16%	21.17%
ROTX	0.86%	6.67%	21.76%

The BSE stock indices have recorded positive developments (1M), except for BET-NG index (-0.57%). Therefore, the most significant increase was registered by BET-FI index (+8.79%), followed by BET-XT-TR index (+5.62%).

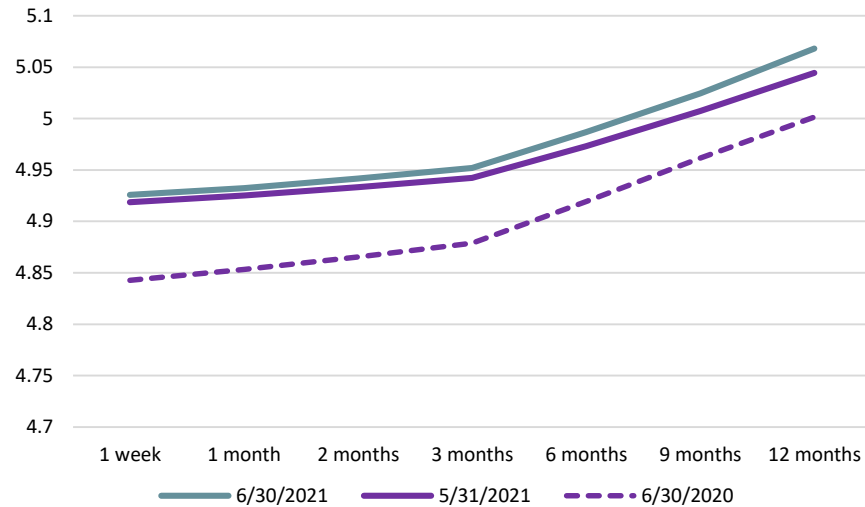
Source: Datastream, FSA's calculations

Note: 1M=06/30/2021 vs. 05/31/2021; 3M=06/30/2021 vs. 03/31/2021; 6M=06/30/2021 vs. 12/31/2020

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

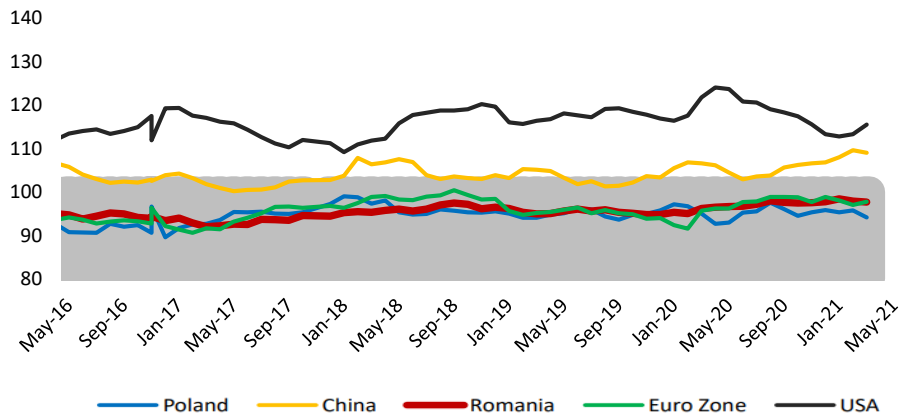


Term structure of EUR/RON forward rate



Source: Refinitiv, FSA's calculations

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



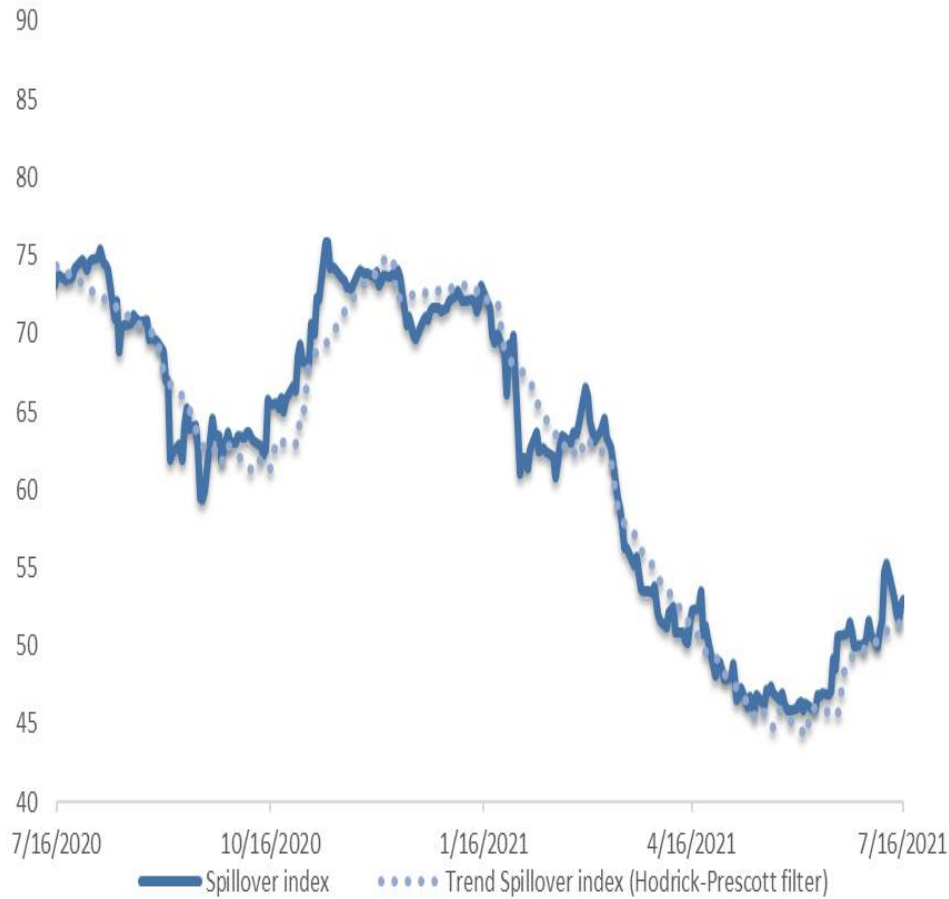
Source: BIS, FSA's calculations

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

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 July 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 June 2021

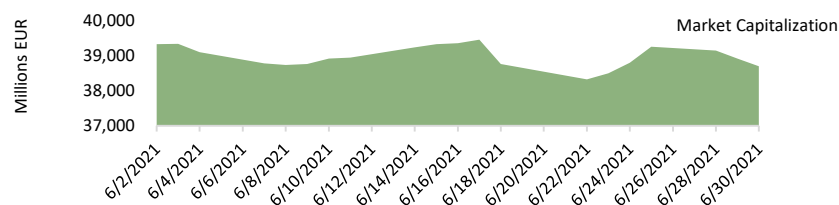
Week/month	No. of transactions	Volume	Value	
			EUR	%
Total 02-04 June 2021	13,772	71,337,639	18,515,614	8.56%
Total 07-11 June 2021	25,501	154,533,825	95,985,563	44.39%
Total 14-18 June 2021	24,807	97,556,813	42,409,226	19.61%
Total 22-25 June 2021	16,698	131,338,469	32,591,903	15.07%
Total 28-30 June 2021	14,001	59,656,708	26,750,910	12.37%
Total June 2021	94,779	514,423,454	216,253,216	100.00%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for June 2021 = 4.9236 LEI/EUR

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

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TTS	8,015,384	6.12%	0	0.00%	66,509,169	33.39%
SNP	18,653,784	14.24%	428,548	4.41%	19,082,333	9.58%
TLV	17,605,982	13.44%	0	0.00%	17,605,982	8.84%
FP	13,741,777	10.49%	0	0.00%	13,741,777	6.90%
SNN	8,595,146	6.56%	3,038,021	31.30%	11,633,167	5.84%
BRD	9,620,141	7.35%	718,176	7.40%	10,338,317	5.19%
SNG	9,316,973	7.11%	0	0.00%	9,316,973	4.68%
TGN	8,711,871	6.65%	0	0.00%	8,711,871	4.37%
TRP	6,913,145	5.28%	0	0.00%	6,913,145	3.47%
M	5,064,265	3.87%	1,781,623	18.35%	6,845,888	3.44%
EVER	802,859	0.61%	2,788,813	28.73%	3,591,672	1.80%
SIF1	2,250,042	1.72%	749,452	7.72%	2,999,494	1.51%
DIGI	2,508,033	1.91%	0	0.00%	2,508,033	1.26%
WINE	2,358,904	1.80%	0	0.00%	2,358,904	1.18%
EL	2,188,560	1.67%	0	0.00%	2,188,560	1.10%
Top 15 Total						92.56%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for June 2021 = 4.9236 LEI/EUR



Source: BSE data, FSA's calculations; monthly average exchange rate for June 2021 = 4.9236 LEI/EUR

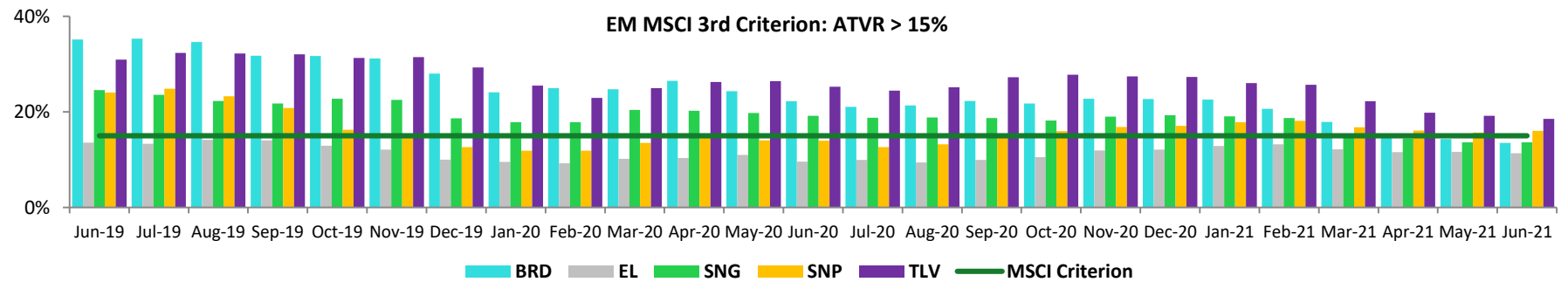
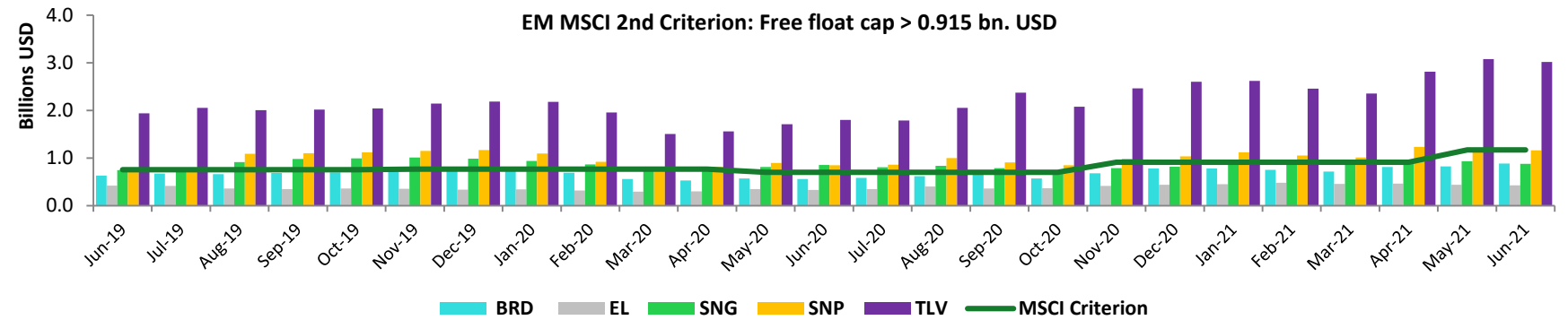
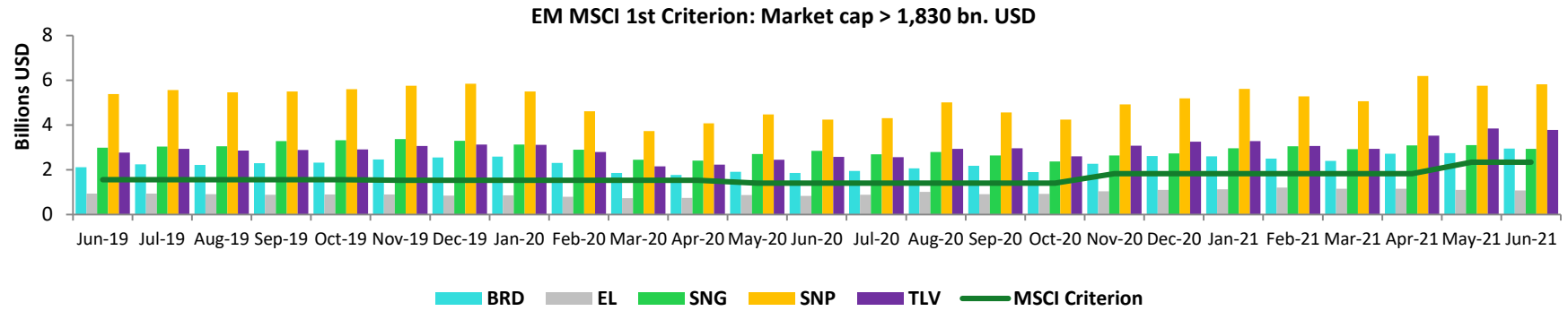
Top of intermediaries during June 2021

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	155,538,405	38.92
2	BT CAPITAL PARTNERS	50,418,280	12.62
3	BANCA COMERCIALA ROMANA	36,055,554	9.02
4	SSIF BRK FINANCIAL GROUP S.A.	34,435,203	8.62
5	TRADEVILLE	29,610,766	7.41
6	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	26,866,646	6.72
7	RAIFFEISEN CENTROBANK AG	16,734,151	4.19
8	IFB FINWEST	11,733,944	2.94
9	PRIME TRANSACTION	8,127,322	2.03
10	GOLDRING	7,850,732	1.96
11	ESTINVEST	5,580,614	1.4
12	BRD Groupe Societe Generale	4,899,254	1.23
13	Alpha Bank Romania SA	3,808,751	0.95
14	INTERFINBROK CORPORATION	2,526,968	0.63
15	CONCORDE SECURITIES LTD	2,177,569	0.54
Top 15 Total			99.18

The market capitalization registered an increase of 23% at the end of June 2021 compared to the end of 2020 and an increase of 5% compared to the end of 2019.

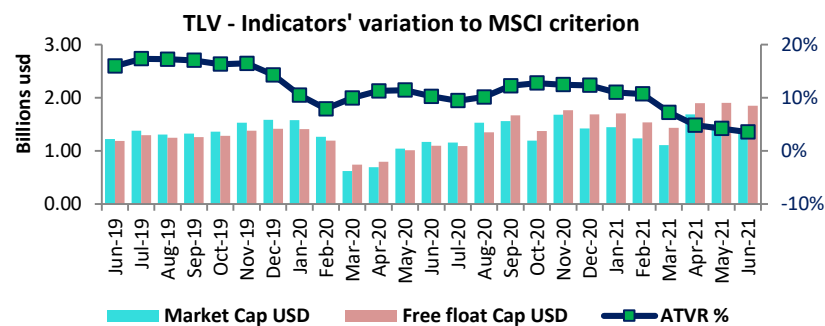
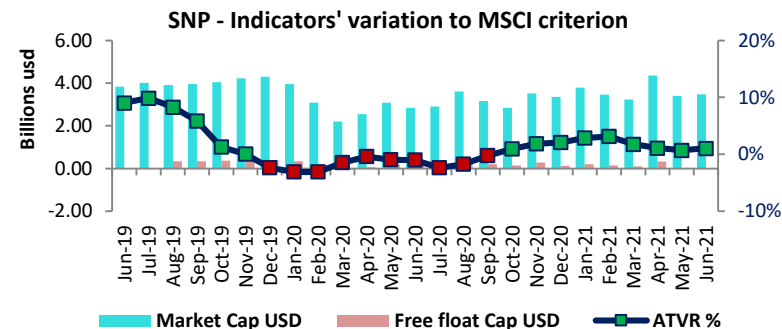
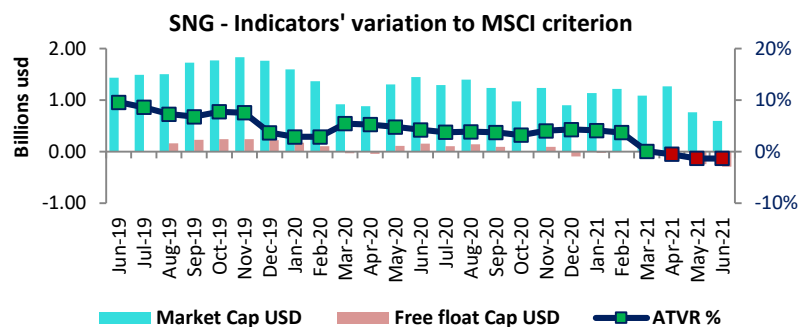
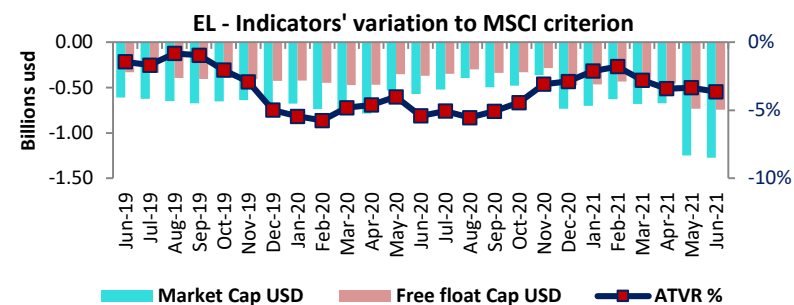
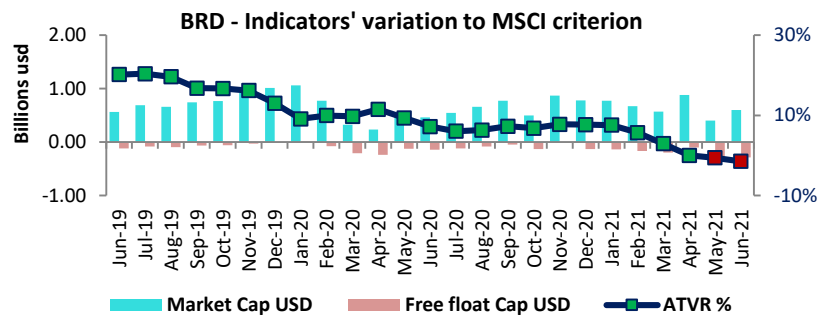
In June 2021, the first 3 companies traded on BVB were Transport Trade Services (TTS) with a share of 33.39% of the total value traded in that period, OMV PETROM (SNP: 9.58%) and Banca Transilvania (TLV: 8.84%)

MSCI: Quantitative Indicators for Emerging Market Status



Source: FSA's calculations, June 2021

MSCI: Quantitative Indicators for Emerging Market Status



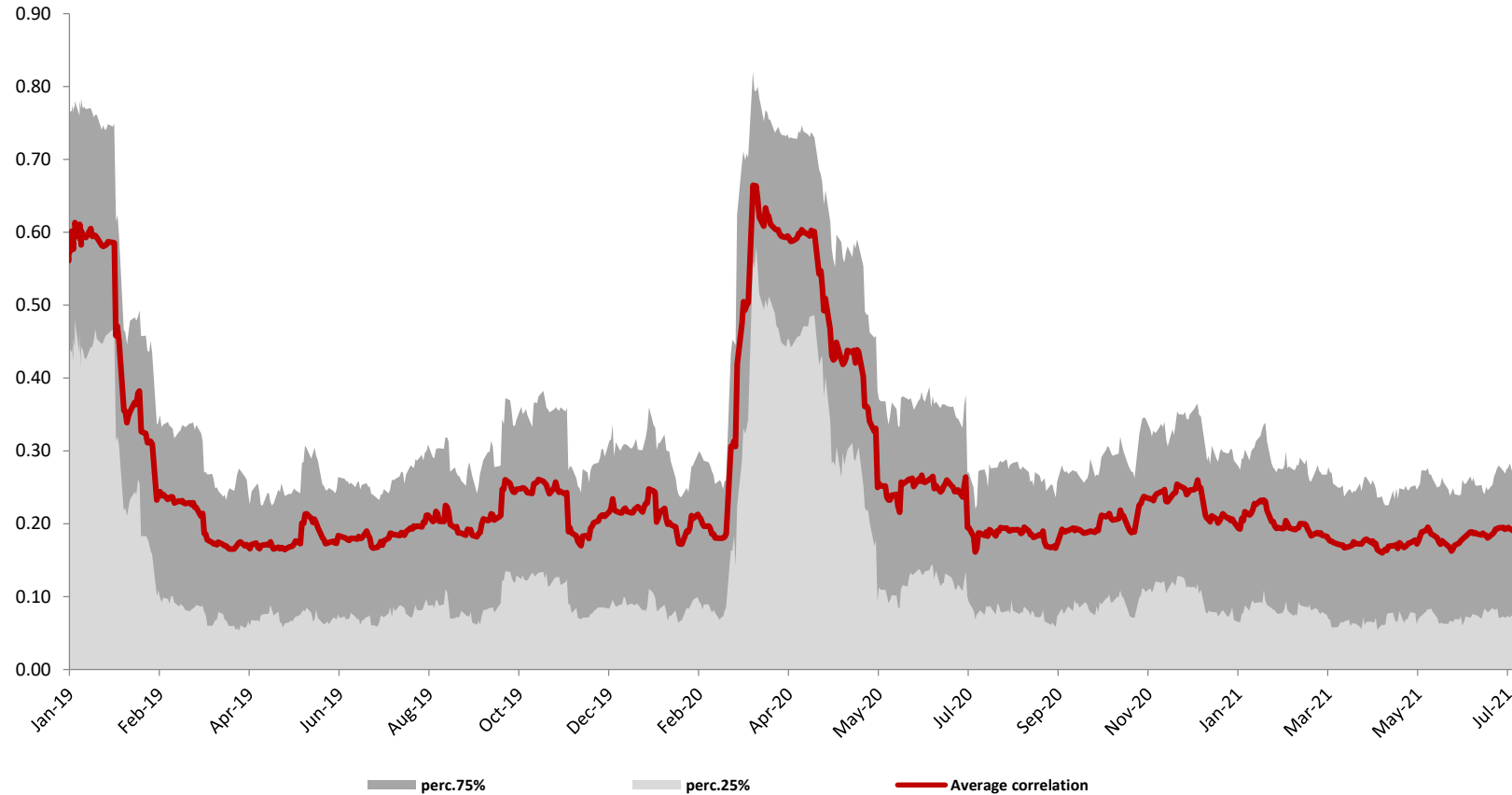
Indicators' variation to MSCI criterion (June 2021)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0,60	-0,29	-1,46%
EL	-1,25	-0,73	-3,64%
SNG	0,76	-0,24	-1,36%
SNP	3,40	-0,02	1,04%
TLV	1,50	1,91	3,56%

Source: FSA's calculations, June 2021

Risk assessment and the benefit of diversification

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



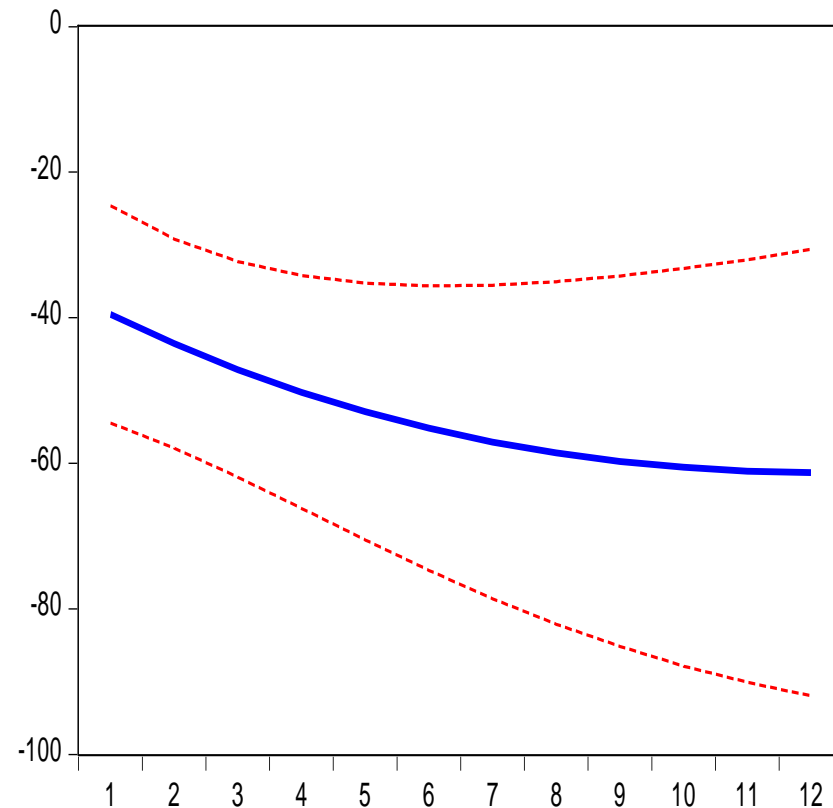
Source: Bloomberg, ASF

At the end of July 2020, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange decreased and returned to the level recorded at the beginning of 2020. In June-July 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.

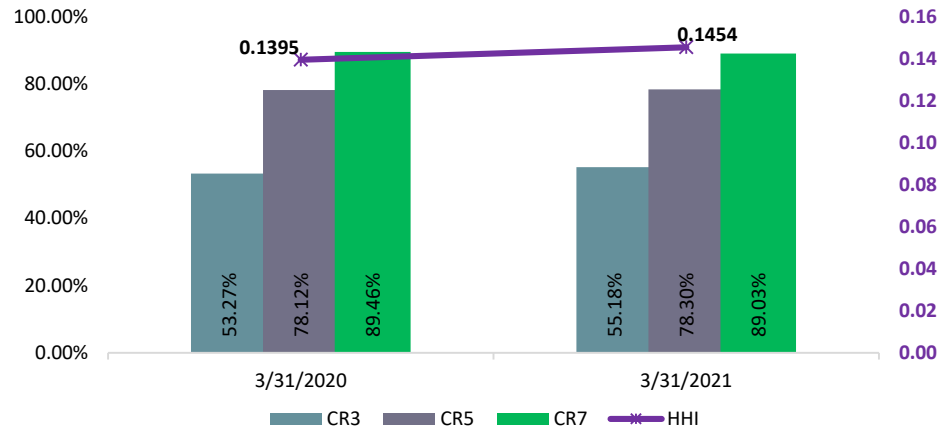
Response of Romanian capital market to CISS shock using Structural VAR Factors



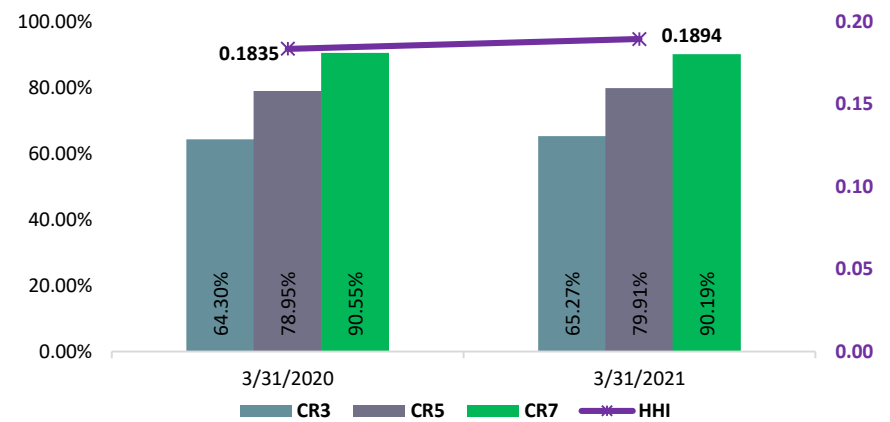
Source: FSA own calculations

Concentration risk

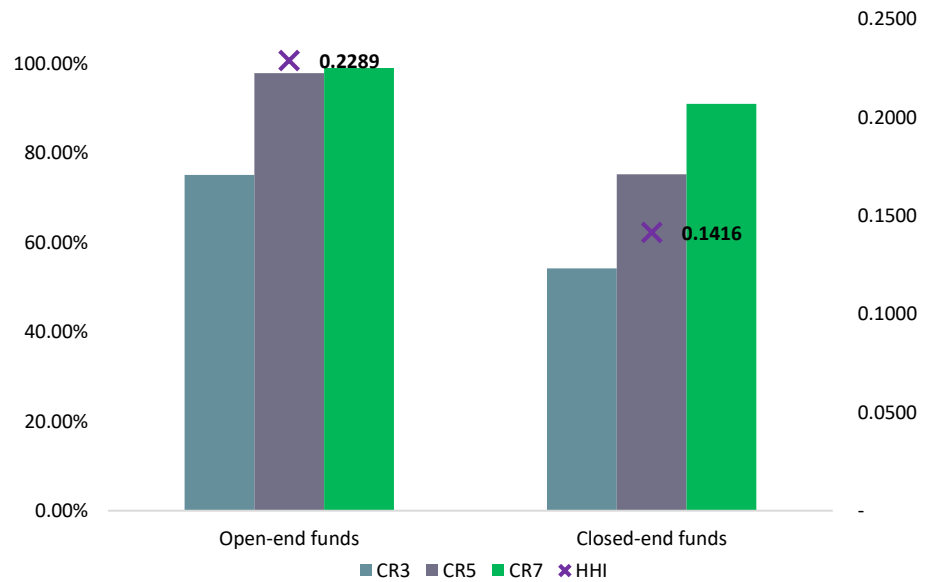
**Concentration risk of non-life insurance undertakings
(by value of GWP at 31 March 2021)**



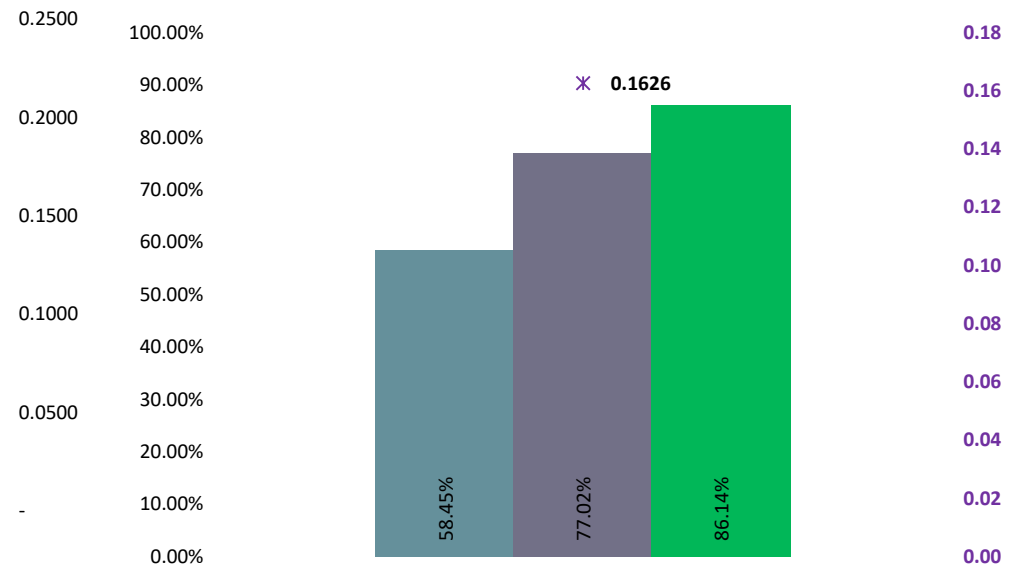
**Concentration risk of life insurance undertakings
(by value of GWP at 31 March 2021)**



**Concentration risk of investment funds in Romania
(by net assets – 31 March 2021)**



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

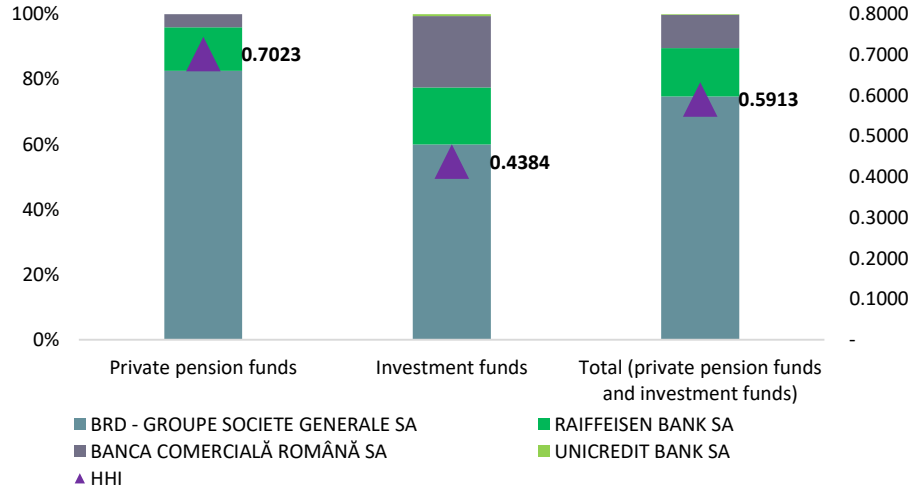


Source: FSA

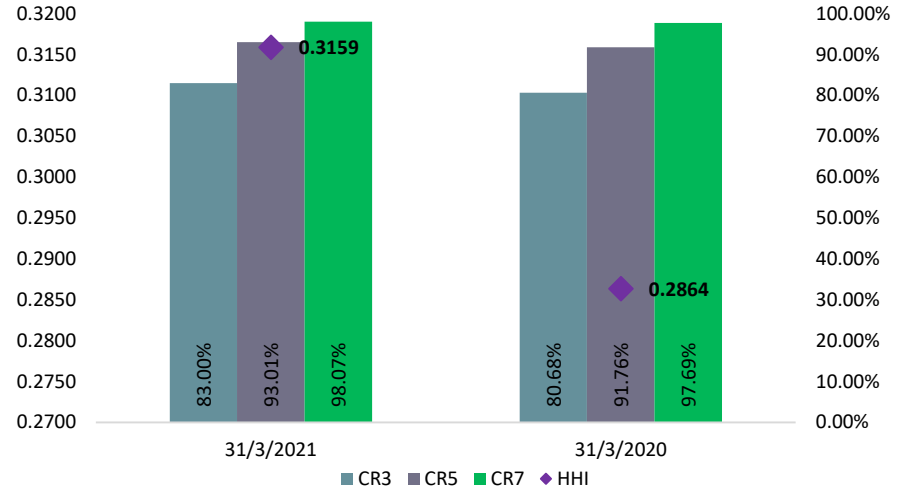
Source: FSA

Concentration risk

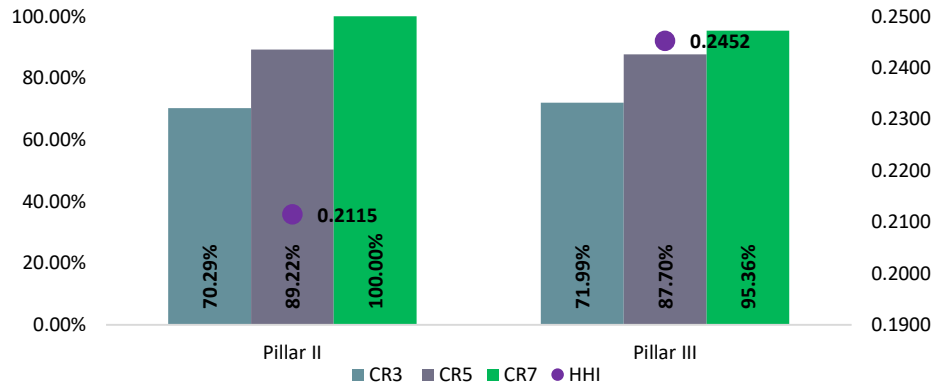
Concentration risk of depositaries of private pension funds and investment funds (by total assets at 3/31/2021)



The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 3/31/2021)



Concentration risk of private pension funds (by total assets at 6/30/2021)



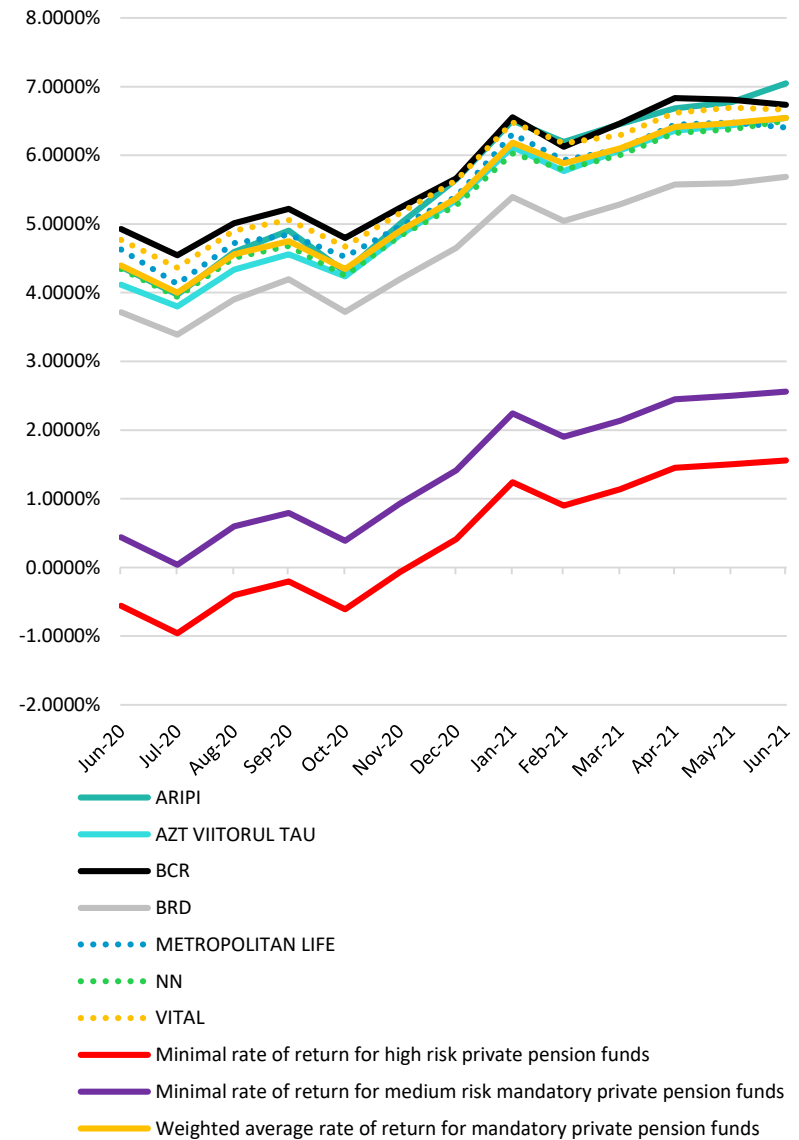
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar III),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

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

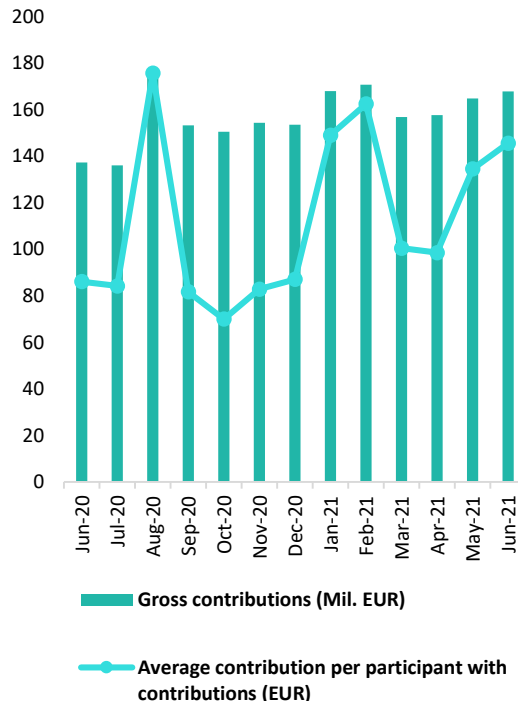
Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 30 June 2021 (EUR)	Participants (persons) June 2021	Rate of return June 2021
ARIPI*	1,534,798,928	800,159	7.05%
AZT VIITORUL TAU	3,699,759,975	1,621,516	6.54%
BCR	1,171,667,164	703,042	6.74%
BRD	676,542,938	487,874	5.69%
METROPOLITAN LIFE	2,373,841,744	1,076,249	6.40%
NN	5,976,431,820	2,048,378	6.50%
VITAL	1,709,859,308	966,080	6.66%
Total	17,142,901,879	7,703,298	n/a

Rate of return for mandatory pension funds



Evolution of gross contributions



New participants (persons) in 2nd Pillar

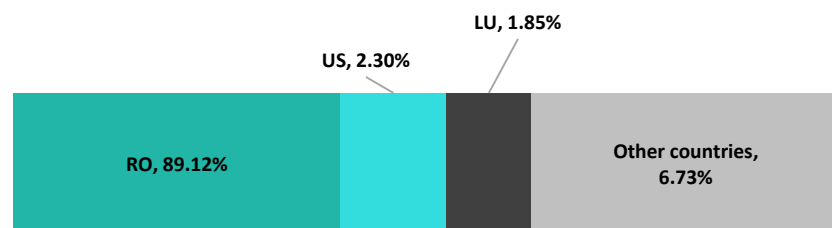
10,319 persons

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

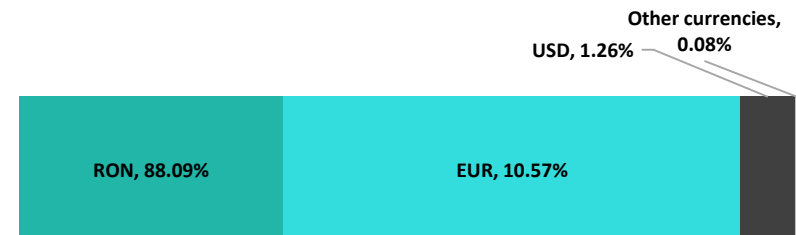
Mandatory pension fund's portfolio at 30 June 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,730,668,225	62.60%
Equity	4,178,945,276	24.38%
Corporate bonds	963,510,861	5.62%
Investment funds	546,238,940	3.19%
Bank deposits	414,829,273	2.42%
Supranational bonds	361,338,484	2.11%
Municipal bonds	38,396,283	0.22%
Metal funds	22,258,862	0.13%
Derivatives	(340,986)	-0.002%
Other assets	(112,943,337)	-0.66%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



82% 84% 86% 88% 90% 92% 94% 96% 98% 100%

82% 84% 86% 88% 90% 92% 94% 96% 98% 100%

Source: FSA

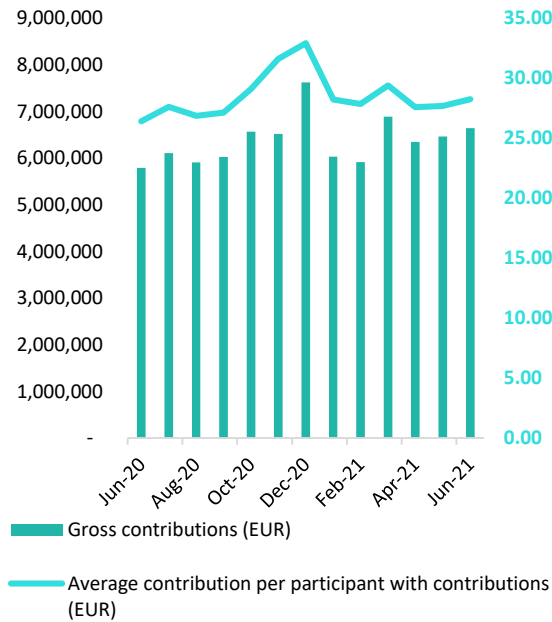
The value of the total assets of the privately managed pension funds reached EUR 17.14 billion at the end of June 2021, registering an annual rate of growth of 28%. At the end of June 2021, the privately managed pension funds' investments were generally made locally, in a percentage of 89%, a large majority being denominated in lei. Most Romanian instruments are represented by government securities and shares listed on the Bucharest Stock Exchange.

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

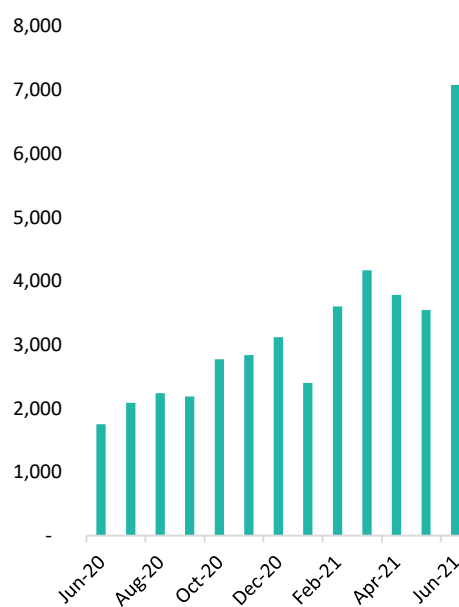
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 30 June 2021	Participants (persons) June 2021	Rate of return June 2021
AEGON ESENTIAL	2,150,403	3,914	7.8390%
AZT MODERATO	68,199,348	44,325	8.2180%
AZT VIVACE	25,511,314	20,347	9.2464%
BCR PLUS	115,234,905	139,737	6.9608%
BRD MEDIO	35,122,871	34,847	6.0676%
GENERALI STABIL	6,483,210	5,504	7.9954%
NN ACTIV	76,826,738	56,983	7.9126%
NN OPTIM	281,533,727	205,630	6.9195%
PENSIA MEA	21,914,794	19,594	6.2101%
RAIFFEISEN ACUMULARE	24,856,255	15,141	7.8789%
Total	657,833,565	546,022	n/a

Evolution of gross contributions

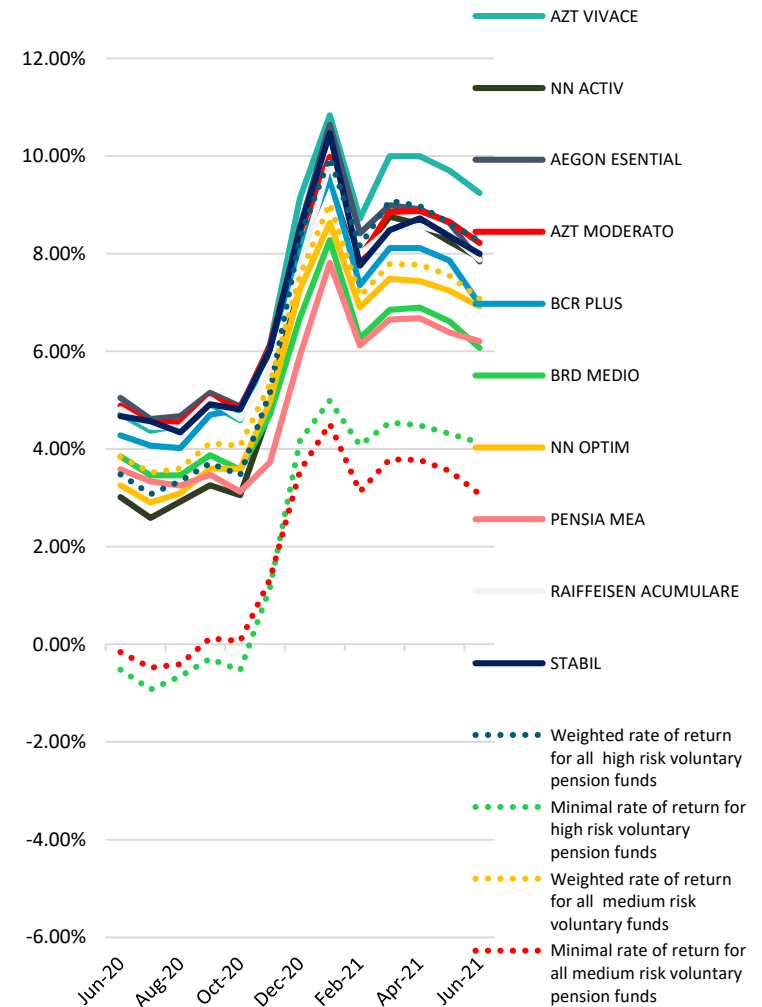


New participants in 3rd Pillar



Source: FSA

Rate of return for voluntary pension funds



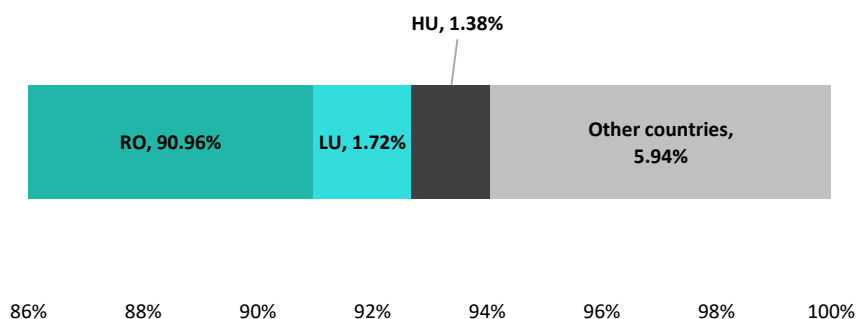
Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	398,594,469	60.59%
Equity	180,948,477	27.51%
Bank Deposits	21,961,088	3.34%
Corporate Bonds	19,195,747	2.92%
Investment Funds	17,190,141	2.61%
Supranational Bonds	14,158,891	2.15%
Municipal Bonds	4,798,650	0.73%
Metal funds	1,985,237	0.30%
Derivatives	16,826	0.00%
Oher assets	(1,015,961)	-0.15%

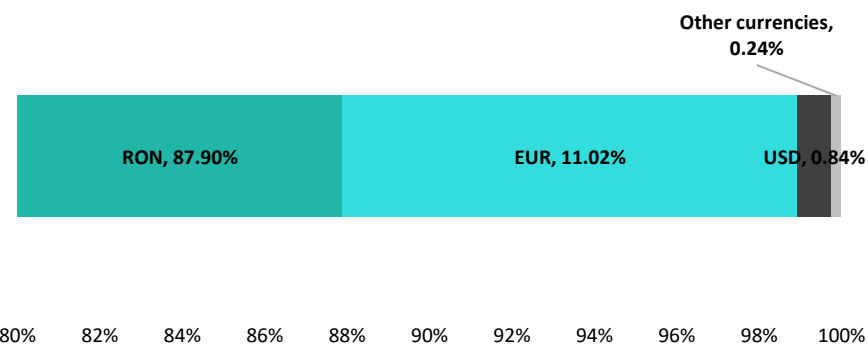
Source: FSA

Country exposure of optional fund's assets



Source: FSA

Currency exposure of optional fund's assets

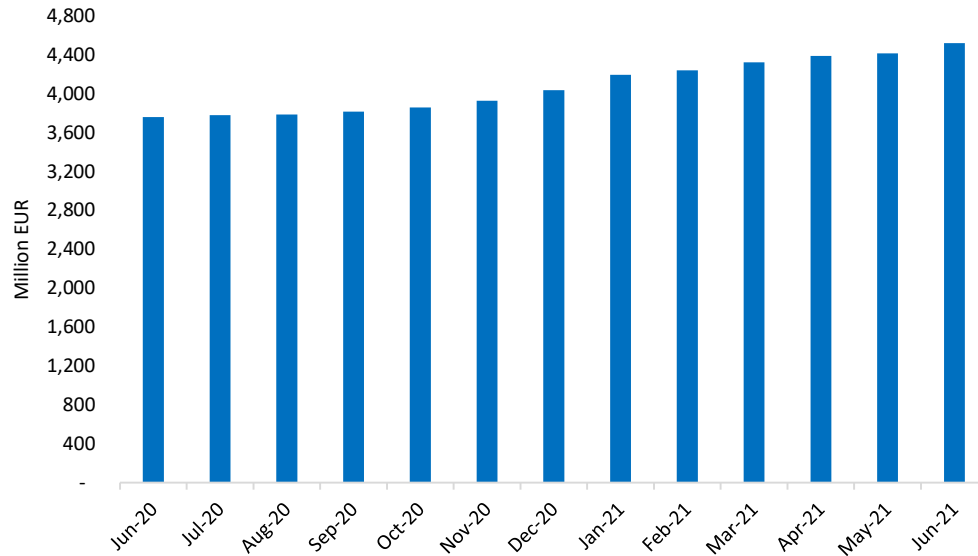


Source: FSA

The value of the total assets of the voluntary pension funds, at the end of June 2021, was EUR 658 million, registering an annual rate of growth of 24%. At the end of June 2021, the voluntary pension funds' investments were generally made locally, in a percentage of 91%, a large majority being denominated in lei.

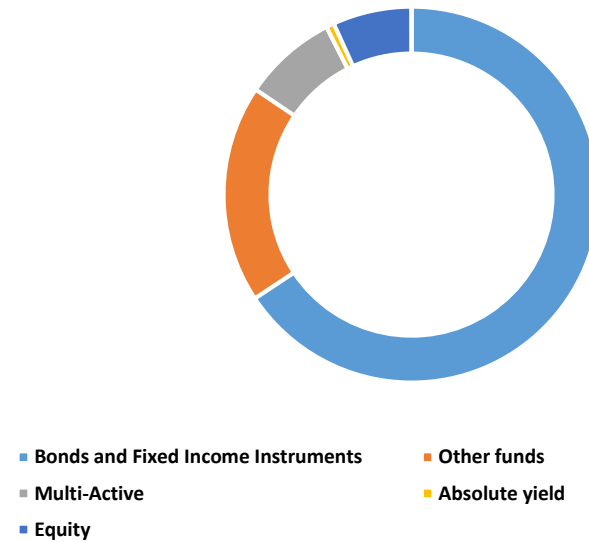
Specific developments in the investment funds sector

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



Source: AAF

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



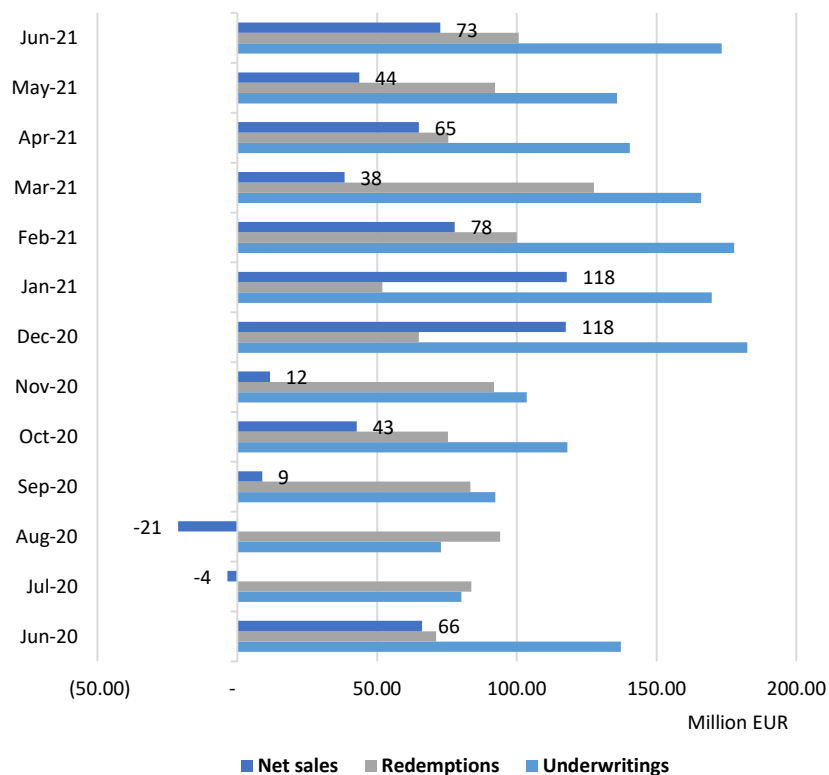
According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 4.52 billion in June 2021, an increase of approximately 2.4% compared to the previous month. Net assets of all categories of investment funds increased in June 2021 compared to the previous month.

In June 2021, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 66%¹), while the "other funds" category has a market share of approximately 19%.

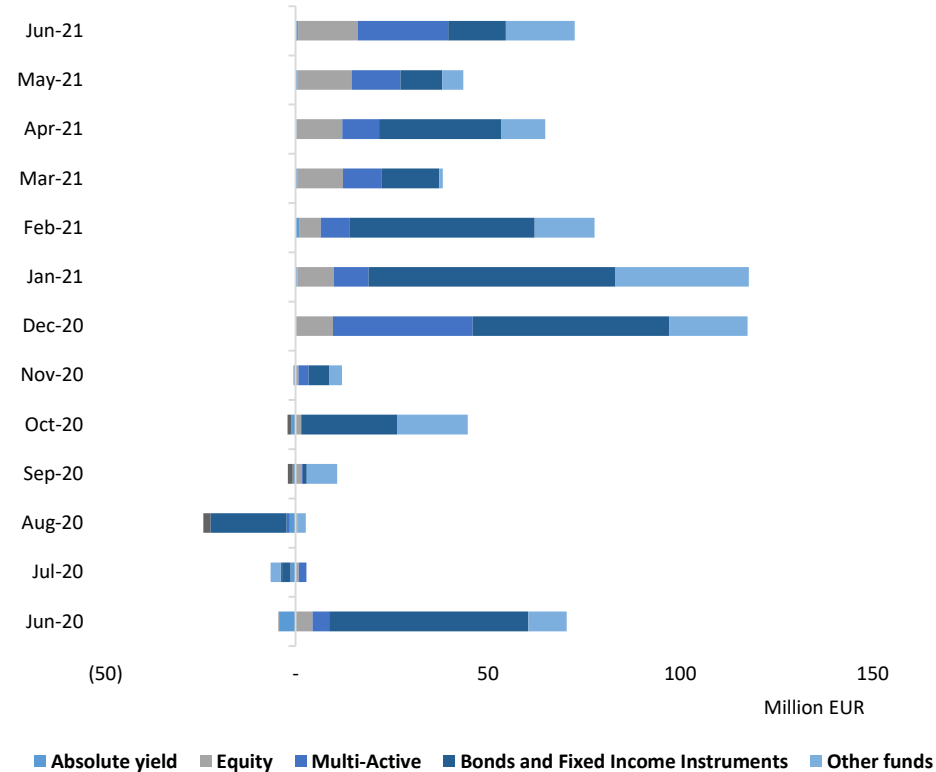
¹ There was a change in Open end investment funds' classification

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)



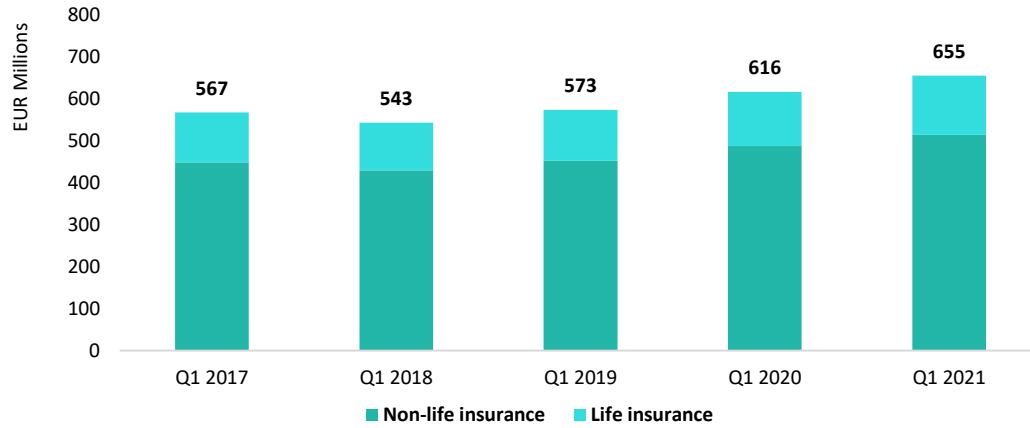
Source: AAF

In June 2021, local investment funds registered underwritings amounting to approximately EUR 173 million, while the value of redemptions was about EUR 101 million. Thus, in June 2021, the cumulative value of the net inflows of local open-end investment funds was about EUR 73 million.

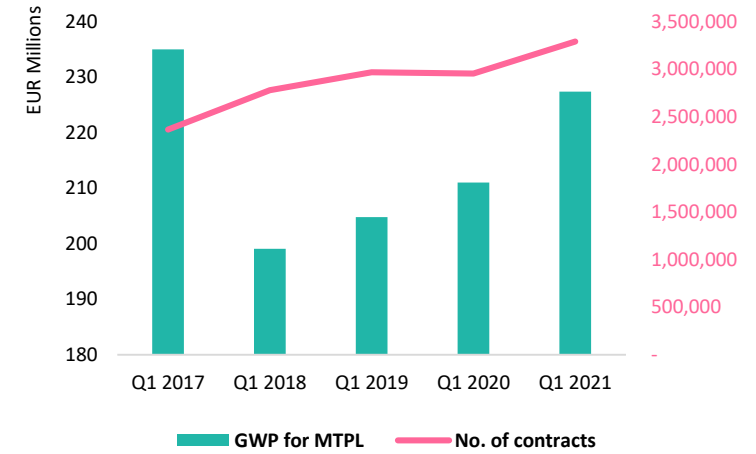
Specific developments in the insurance market in Romania

Evolution of the insurance market (31st of March 2021)

Gross written premiums (total)

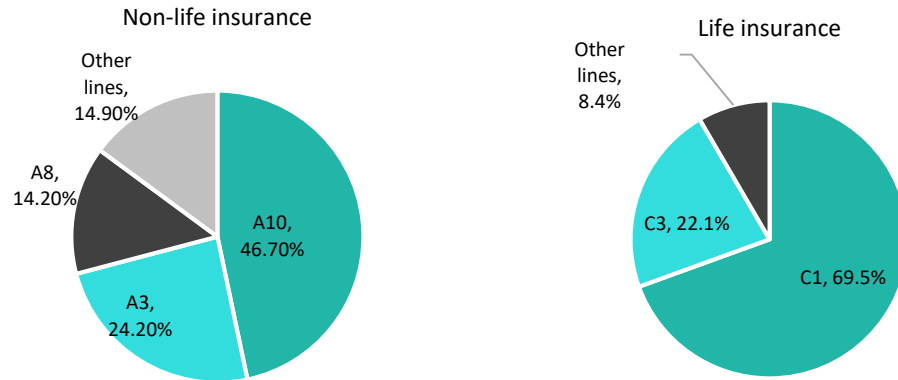


MTPL gross written premiums



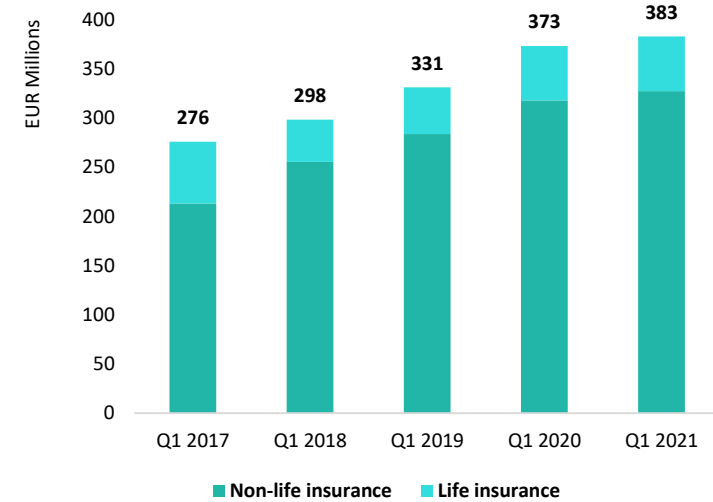
Source: FSA

Share of main insurance classes by GWP



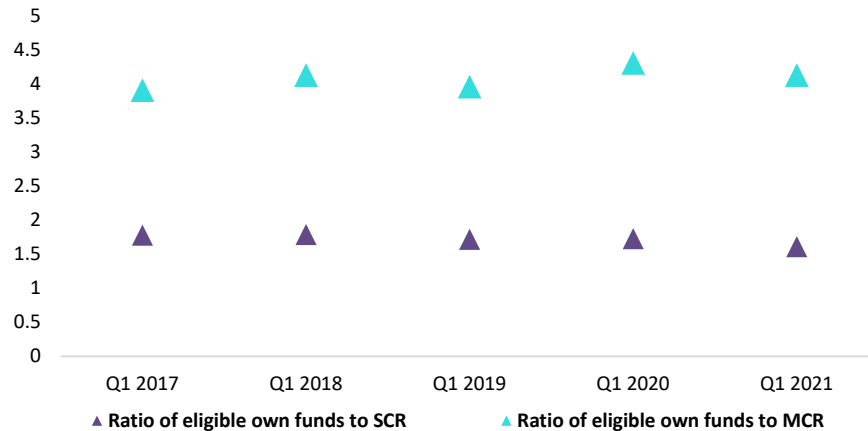
Source: FSA

Gross claims paid

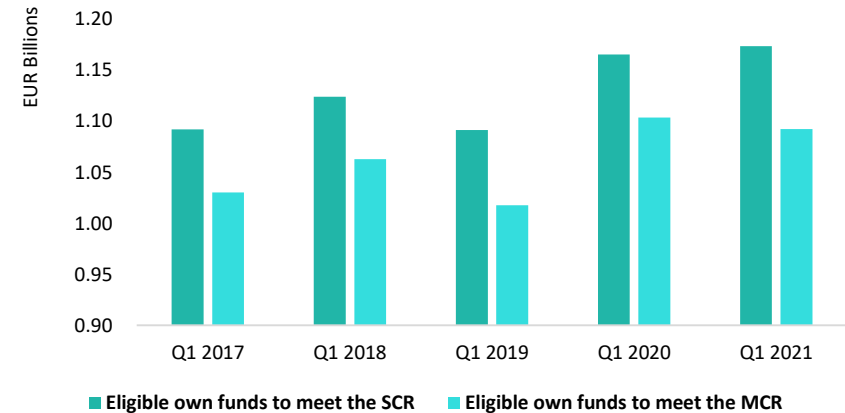


Specific developments in the insurance market in Romania

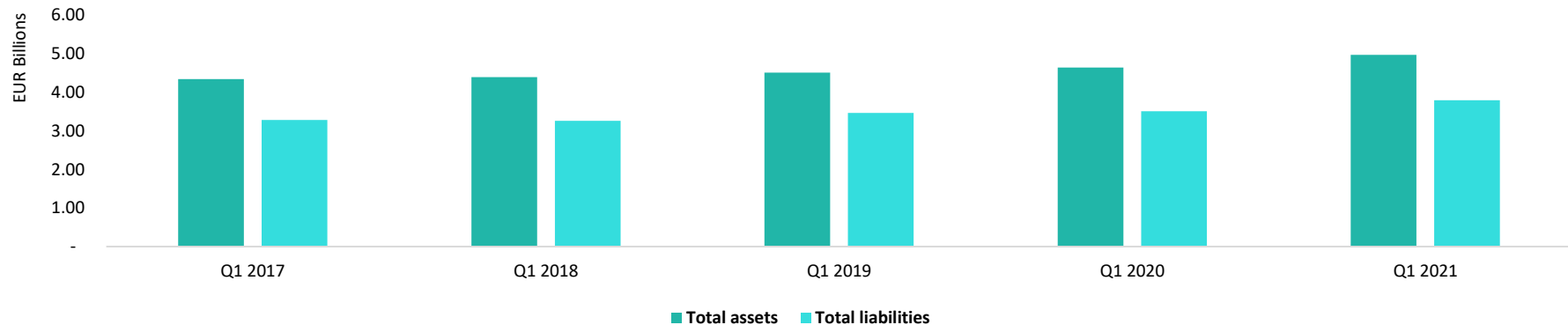
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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

At the end of the first quarter of 2021, all insurance companies met the SCR and MCR requirements, excepting one insurance company. The FSA carried out several inspection actions at the insurer's head office as well as permanent inspections, based on which were applied, both to the company and its management, several sanctions consisting of fines, being also imposed measures in order to remedy the found deficiencies.

Press releases and publications of European and international financial institutions in June 2021

ESMA	<ul style="list-style-type: none"> • 3 June: ESMA releases its Risk Dashboard for the first quarter of 2021. • 7 June: ESMA launches 2021 central counterparties stress test.
EIOPA	<ul style="list-style-type: none"> • 4 June: EIOPA issues Guidelines on the supervisory reporting for the Pan-European Personal Pension Product. • 15 June: EIOPA publishes first quarterly set of occupational pensions statistics. • 17 June: EIOPA presents Report on artificial intelligence governance principles. • 22 June: EIOPA releases its discussion paper on the methodological framework for stress-testing IORPs.
EBA	<ul style="list-style-type: none"> • 7 June: EBA launches second consultation on its technical standards on the calculation of the EUR 30bn threshold for investment firms. • 23 June: EBA publishes its Report on management and supervision of ESG risks for credit institutions and investment firms. • 29 June: EBA assesses benefits, challenges and risks of RegTech use in the EU.
ESRB	<ul style="list-style-type: none"> • 1 June: ESRB publishes a second Report on macroprudential policy issues arising from the low interest rate environment in the financial system of EU.
IOSCO	<ul style="list-style-type: none"> • 28 June: IOSCO presents a Report on issuers' sustainability-related disclosures.
ECB	<ul style="list-style-type: none"> • 10 June: ECB confirms its very accommodative monetary policy stance.