

# Monthly Market Report

**Gross domestic product was, in real terms, 1.8% higher in the second quarter of 2021 compared to the first quarter of 2021**

FSA No  
8/08.25.2021

- The National Commission for Strategy and Forecast positively revised the economic growth forecast for 2021, to 7%;
- Seasonally adjusted unemployment rate in Romania stood at 5.2% in June 2021;
- The stock market capitalization increased by 27% at the end of July 2021 compared to the end of 2020.

According to data published by Eurostat, in the second quarter of 2021, the **seasonally adjusted GDP** increased by 2.0% in the euro area and by 1.9% in the EU compared to the previous quarter, as an effect of relaxing the isolation and quarantine measures imposed during the pandemic. These developments took place after the euro area and EU economies recorded the largest contractions in the second quarter of 2020 (-11.4% in the euro area and -11.1% in the EU), followed by robust economic recovery in the third quarter of 2020 (+12.4% in the euro area and +11.6% in the EU). Compared to the same period of the previous year, seasonally adjusted GDP increased by 13.6% in the euro area and by 13.2% in the EU in the second quarter of 2021.

Romania's GDP increased by 1.8% in the second quarter of 2021 as compared to the first quarter of 2021. Compared to the same period of the previous year, the gross domestic product recorded an increase of 13.0% for the gross series and an increase of 13.6% for the seasonally adjusted series.

**The National Commission for Strategy and Prognosis** revised up the **economic growth forecast** for 2021, to 7% (from 5% according to the spring forecast of NCSP), amid increasing activity in industry (+7.7%), agriculture (+14.8%), constructions (+6.1%) and services (+6.3%) 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	Q2 2021	European Commission		IMF	
													2021f	2022f	2021f	2022f
Euro area	1.6	1.4	1.5	1.0	1.4	-3.2	-14.4	-4.0	-4.6	-6.4	-1.3	13.6	4.8	4.5	4.4	3.8
Germany	1.6	0.5	1.4	0.9	1.1	-1.9	-11.3	-3.7	-2.9	-4.6	-3.2	9.2	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	-4.2	19.8	6.2	6.3	6.4	4.7
France	2.1	2.3	2.0	0.9	1.8	-5.5	-18.7	-3.6	-4.2	-7.9	1.7	18.7	6.0	4.2	5.8	4.2
Italy	0.3	0.4	0.5	-0.1	0.3	-5.8	-18.2	-5.2	-6.5	-8.9	-0.7	17.3	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
<b>Romania</b>	<b>5.0</b>	<b>4.4</b>	<b>3.5</b>	<b>3.5</b>	<b>4.1</b>	<b>2.5</b>	<b>-9.4</b>	<b>-5.4</b>	<b>-2.3</b>	<b>-3.9</b>	<b>-0.4</b>	<b>13.6</b>	<b>7.4</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, Summer 2021 Economic Forecast, World Economic Outlook – April 2021, IMF

**In Romania, the annual inflation rate (CPI)** was 4.95% in July 2021, up compared to the previous month (+3.94%). The most significant contribution to the annual inflation rate came from the increasing prices of non-food goods (+7.64%), followed by services (+2,74%) and food goods (+2,33%).

**In Romania, the industrial production** increased by 11.6% as gross series and by 12.5% as seasonally adjusted series in June 2021 compared to June 2020. The most significant increases were recorded by the production and supply of electricity and heat, gas, hot water and air conditioning (+17.4%), manufacturing industry (+11.0%) and by the extractive industry (+7.1%)

The **volume of construction works** increased in Romania by 10.1% as gross series, and by 11.1% as seasonally adjusted series in June 2021 compared to the similar period of the previous year. The most significant increase was registered by the volume of new construction works (+20.2%), while the most significant decreases were registered by the volume of current maintenance and repair works (-7.7%) and by the volume of capital repair works (-6.2%). By construction type, the gross series shows increases in the volume of residential buildings (+40.4%), non-residential buildings (+3.2%) and engineering construction works (+1.5%).

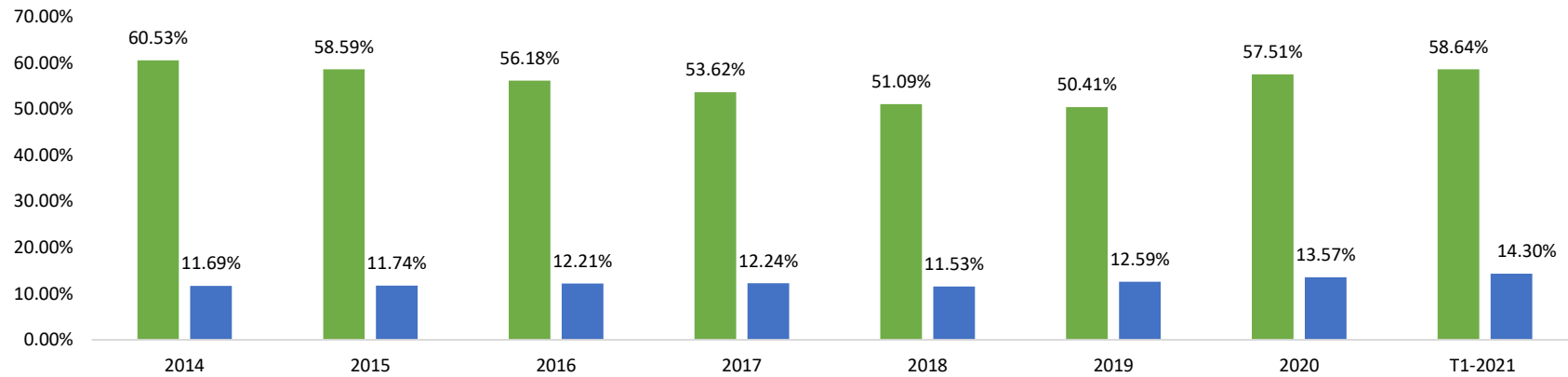
**Retail trade** (seasonally adjusted series) increased by 1.5% in the euro area and by 1,2% in the European Union in June 2021 compared to the previous month. Compared to the same period of the previous year, retail trade (seasonally adjusted series) increased by 5.0% in the euro area and by 5.3% in the EU in June 2021. In the EU, the volume increased by 11.5% for the retail trade of fuels, followed by non-food products (+7.1%) and by 1.7% for the retail trade of food, beverages and tobacco. The volume of retail trade increased in all Member States for which data are available, with the exception of Luxembourg (-3.2%), with the largest annual increases in the total volume of retail trade were recorded in Bulgaria (+22.7%), Lithuania (+15.3%) and Slovenia (+12.8%). **In Romania, the volume of retail trade turnover** increased in June 2021 by 12.1% as gross series and by 13.6% as a seasonally adjusted series compared to June 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 (+17.6%) followed by the retail trade of sales of non-food products (+14.0%) and the sales of food, beverages and tobacco (+6.8%).

**The Economic Sentiment Indicator (ESI)** recorded a value of 118 points in the European Union in July 2021, exceeding the values recorded in the pre-crisis period. In July 2021, confidence in services and industry registered an increase of 1.3 points compared to the value recorded in the previous month. In Romania, the economic sentiment indicator registered a lower value than the EU average, standing in July 2021 at a level of 103.5 points, increasing compared to the previous month (102.6 points). In Romania, the confidence in the services sector recorded an increase of 2.6 points compared to the value recorded in the previous month, and the confidence in the retail sector recorded a decrease of 1.6 points compared to the level recorded in the previous month.

**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%).

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

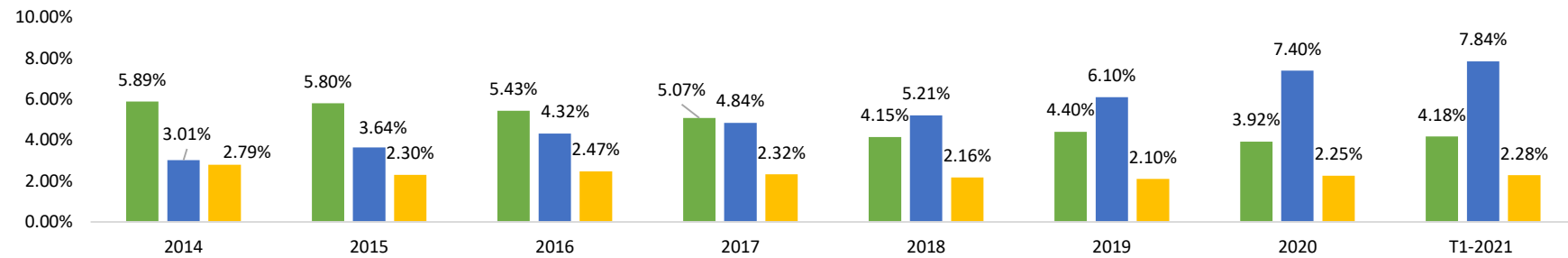
The assets of the Romanian banking and non-banking financial markets (% of GDP)



Banking financial system (% of GDP)    Non-banking financial system\* (% of GDP)

*\*IFNs are not included*

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



Collective Investment Undertakings    Private Pension Funds    Insurance Companies

Source: NBR, NIS, FSA

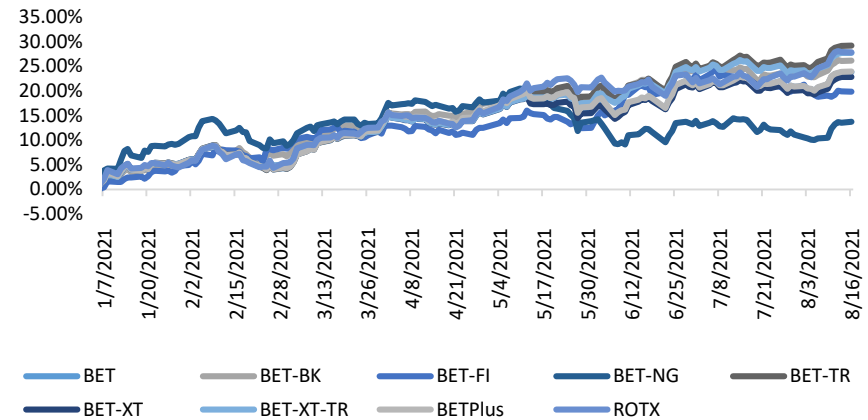
## Current trends and headlights on Romanian markets

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

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
8/16/2021	23.82%	26.14%	19.83%	13.72%	29.22%

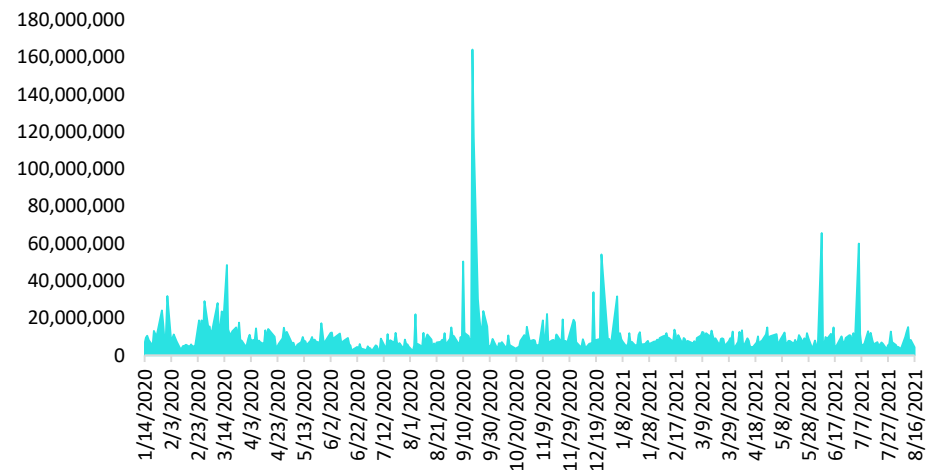
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
8/16/2021	22.86%	27.76%	23.93%	27.85%

### 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)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Italy	136.0	137.4	136.7	134.6	137.8	149.4	154.4	155.8	160.0
France	98.9	98.7	99.5	97.6	100.8	113.1	115.6	115.1	118.0
Spain	98.4	98.4	97.5	95.5	99.1	110.2	114.0	119.9	125.2
Euro zone	86.3	86.1	85.7	83.9	86.1	94.8	97.1	97.8	100.5
EU	79.8	79.6	79.1	77.5	79.2	87.5	89.6	90.5	92.9
Hungary	68.4	67.2	67.2	65.5	65.8	70.3	73.9	80.4	81.0
Germany	61.6	61.1	61.0	59.7	60.9	67.3	70.0	69.7	71.1
Poland	48.9	47.7	46.9	45.6	47.5	54.6	56.5	57.5	59.1
<b>Romania</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>	<b>47.6</b>
Bulgaria	20.9	20.3	20.5	20.2	20.1	21.3	25.3	25.0	25.1

Source: Eurostat

The government debt-to-GDP ratio in the euro area was 100.5% in the first quarter of 2021, increasing compared to the level recorded in the fourth quarter of 2019 (83.9%). There is significant heterogeneity in debt level, the share of public debt in GDP ranging from 18.5% (Estonia) to 209.3% (Greece).

Romania is among the EU member states with a low level of indebtedness (47.6%), below the indebtedness of the EU member states of 92.9% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 3.1 billion in January-June 2021 (compared with EUR 996 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 7.0 billion in the first six months of 2021, compared to EUR 4.1 billion in the same period of the previous year.

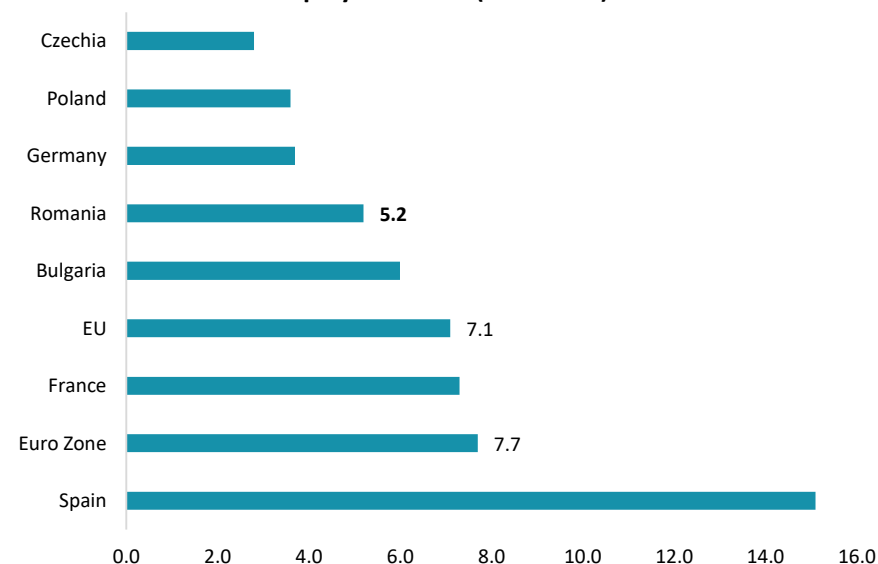
The evolution of the current account was accompanied by an increase in total external debt by EUR 2.10 billion in January-June 2021 to EUR 128 billion.

The seasonally adjusted unemployment rate in the euro area was 7.7%, down 0.3 pp compared to May 2021, while the EU unemployment rate was 7.1% in June 2021, down 0.2 pp compared to the previous month.

The seasonally adjusted unemployment rate in Romania was 5.2% in June 2021, down by 0.3 pp from the previous month (5.5%), according to data published by NIS.

At local level, the unemployment rate among men (5.3%) is higher than the unemployment rate for women (5.0%).

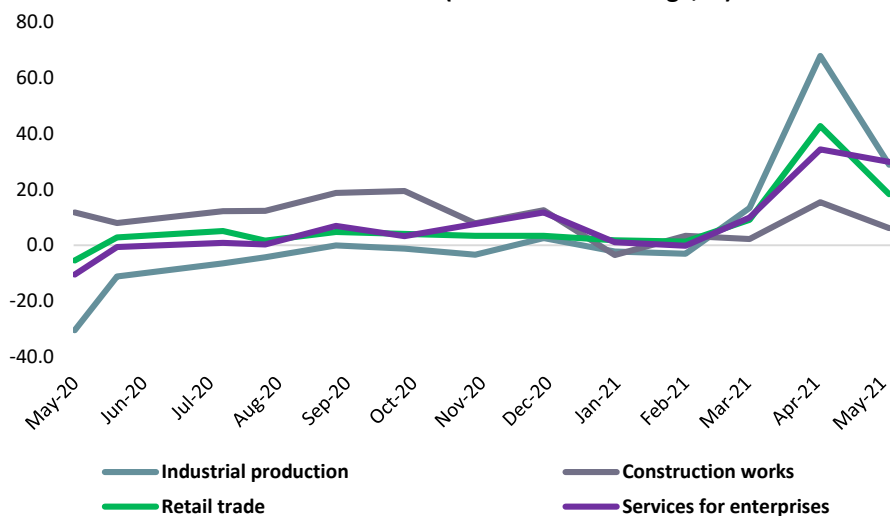
### Unemployment rate (June 2021)



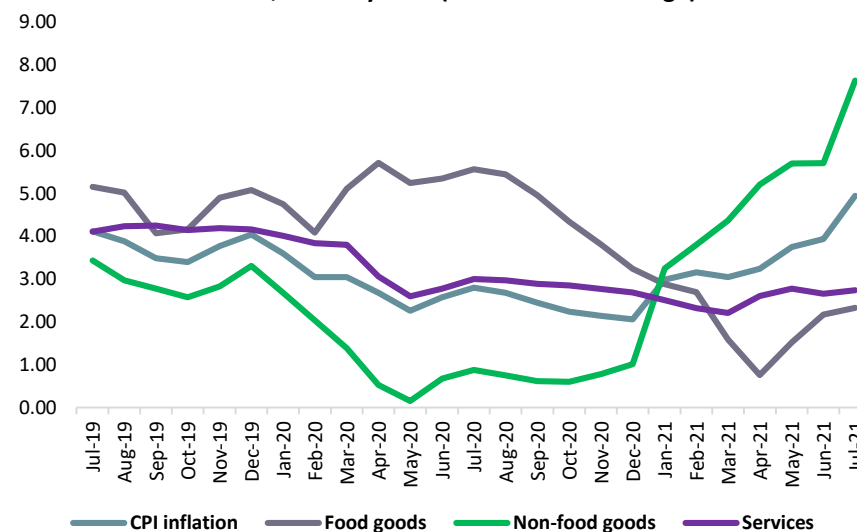
Source: Eurostat

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

Main sector indicators (annual rate of change, %)

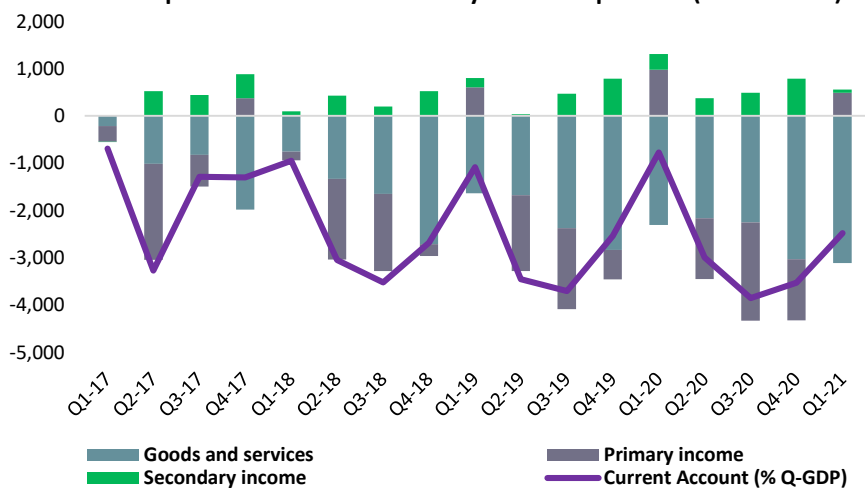


Inflation, monthly data (annual rate of change)



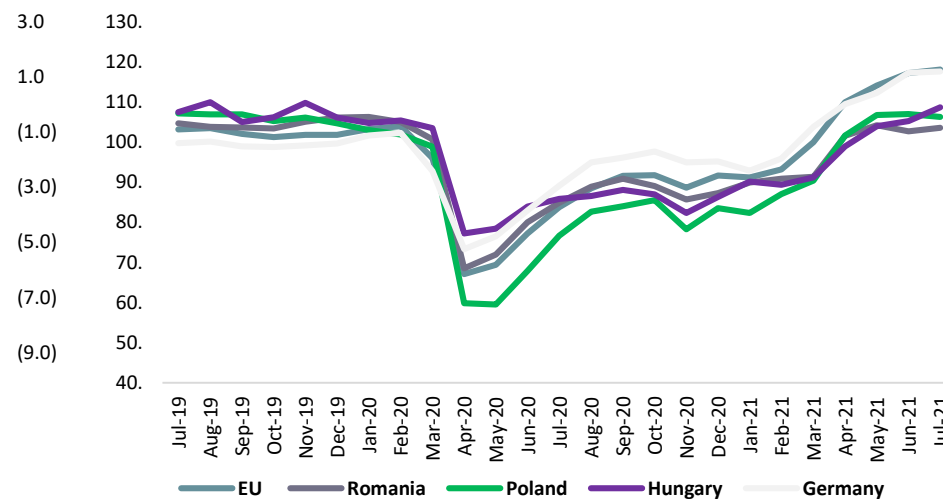
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

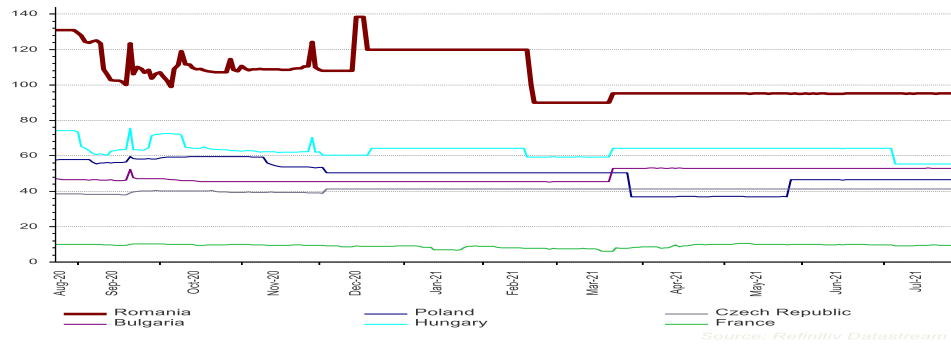
The economic sentiment index in EU



Source: Eurostat

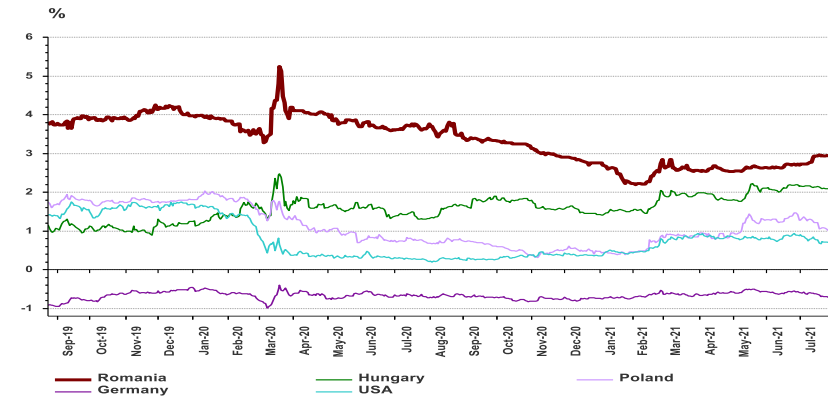
## Macroeconomic risk in Romania: external position and market perception of sovereign risk

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



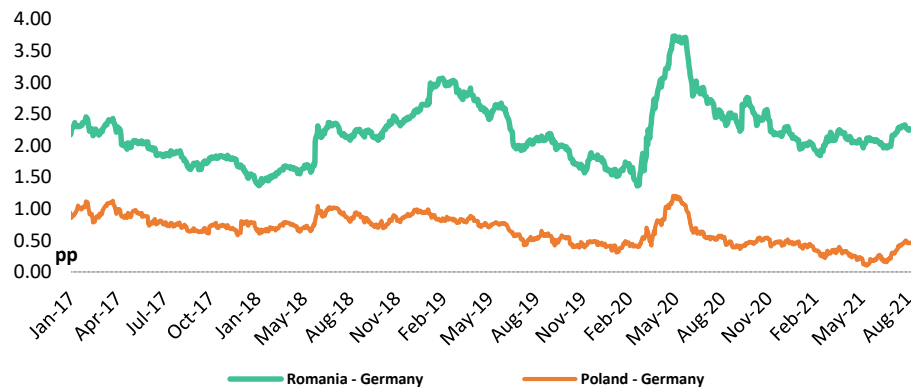
Source: Datastream

Government bond yields (5Y, LC)



Romania 5 - year bond yields increased by 7.3% in July 2021 as compared with the previous month, reaching an average value of 2.86%, while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.65% in July 2021).

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 August 2021 it decreased 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 July 2021

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	1.35%	4.09%	16.92%
FR (CAC 40)	1.61%	5.48%	22.48%
DE (DAX)	0.09%	2.70%	15.72%
IT (FTSE MIB)	1.04%	5.06%	17.57%
GR (ASE)	0.38%	-2.43%	18.52%
IE (ISEQ)	1.84%	2.86%	18.13%
ES (IBEX)	-1.65%	-1.58%	11.84%
UK (FTSE 100)	-0.07%	0.90%	9.75%
US (DJIA)	1.25%	3.13%	16.52%
IN (NIFTY 50)	0.26%	7.74%	15.61%
SHG (SSEA)	-5.41%	-1.44%	-2.47%
JPN (N225)	-5.24%	-5.31%	-1.37%

The European indices have recorded mixed developments (1M). The most significant increase was recorded by ISEQ index (IE: +1.84%), while the most significant decrease was recorded by IBEX index (ES: -1.65%).

The main American and Asian indices showed mixed developments. Therefore, the most significant increase was registered by DJIA index (US: +1.25%), while the most significant decrease was recorded by SSEA index (SHG: -5.41%).

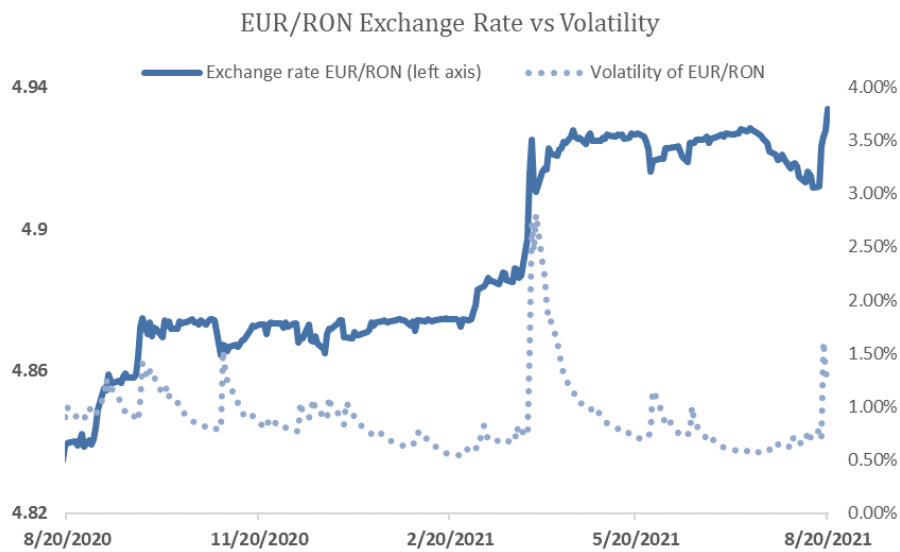
BSE indices	1 M	3 M	6 M
BET	-0.21%	4.47%	14.96%
BET-BK	-0.73%	4.96%	17.53%
BET-FI	-1.65%	6.97%	14.88%
BET-NG	-1.85%	-5.57%	1.69%
BET-TR	0.19%	8.13%	19.06%
BET-XT	-0.53%	4.15%	14.09%
BET-XT-TR	-0.10%	7.61%	17.94%
BETPlus	-0.22%	4.32%	15.09%
ROTX	0.94%	6.47%	17.71%

The BSE stock indices have recorded mixed developments (1M). Therefore, the most significant increase was registered by ROTX index (+0.94%), while the most significant decrease was recorded by BET-NG index (-1.85%).

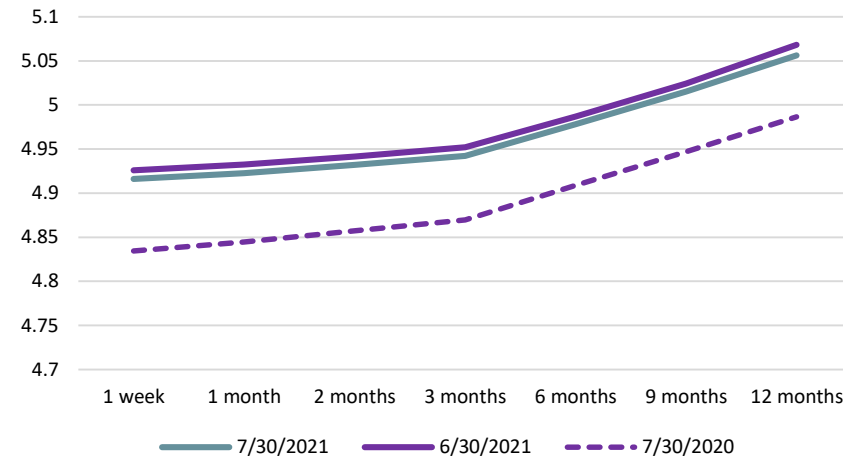
Source: Datastream, FSA's calculations

Note: 1M=07/30/2021 vs. 06/30/2021; 3M=07/30/2021 vs. 04/30/2021; 6M=07/30/2021 vs. 01/29/2021

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

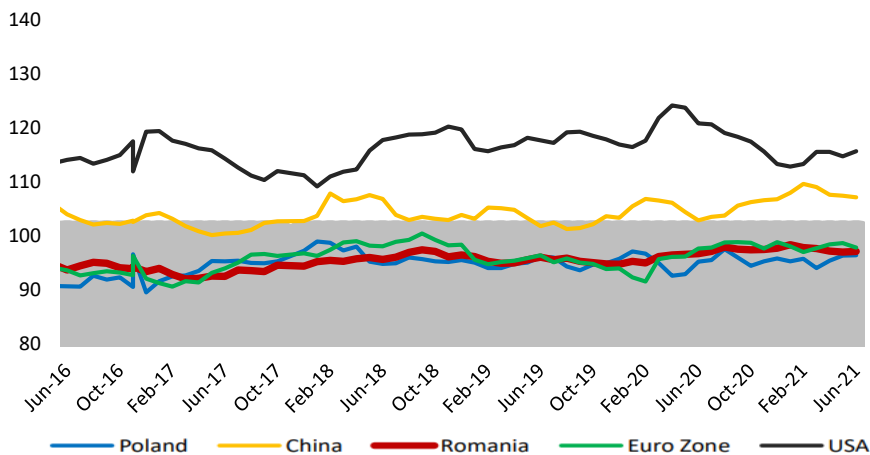


### Term structure of EUR/RON forward rate



Source: Refinitiv, FSA's calculations

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

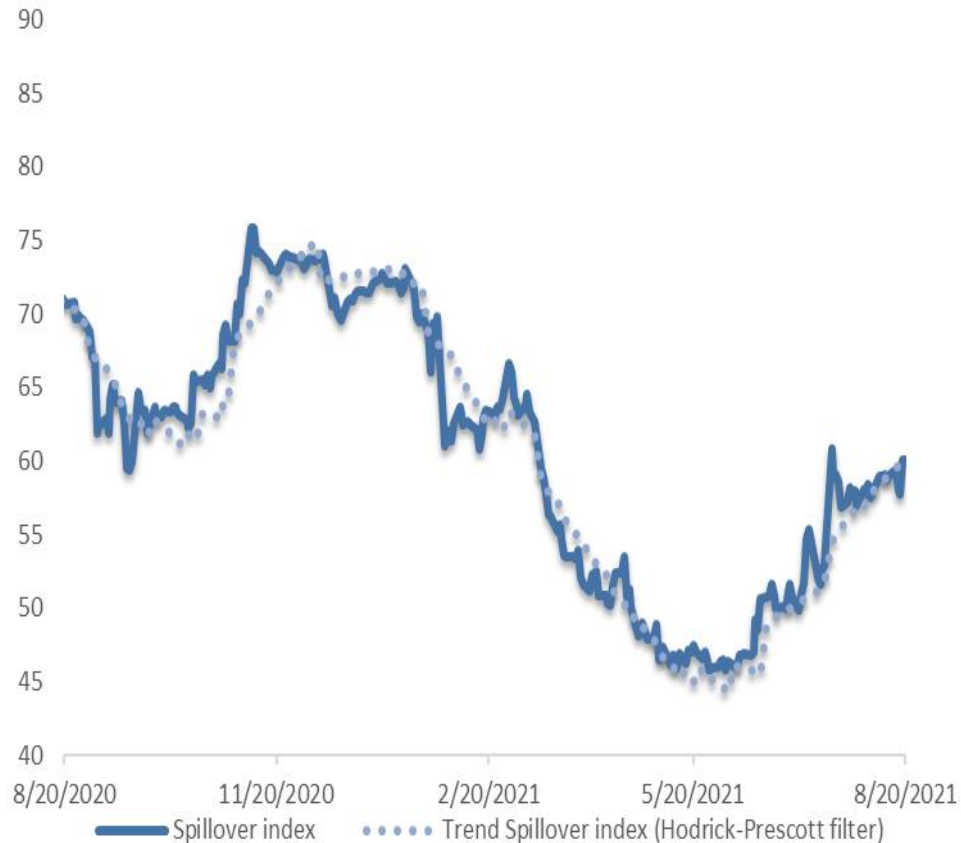


Source: BIS, FSA's calculations

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%). At the end of August, the exchange rate Rol/Eur started to depreciate mainly due to inflation.

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



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.

Starting January 2021, the spillover trended downward mainly due to the vaccination program across European countries. The program eased the market uncertainty and generated a climate of exuberance on most European stockmarkets which exhibited a very fast-growing trend. In July the contagion started to grow slowly. The trend continued in July and August.

The growth of capital markets is shallow and without economic fundamentals thus creating a speculative environment which in turn may generate speculative bubbles or swift reversals as investors close positions.

## Liquidity indicators on Romanian Stock Exchanges

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

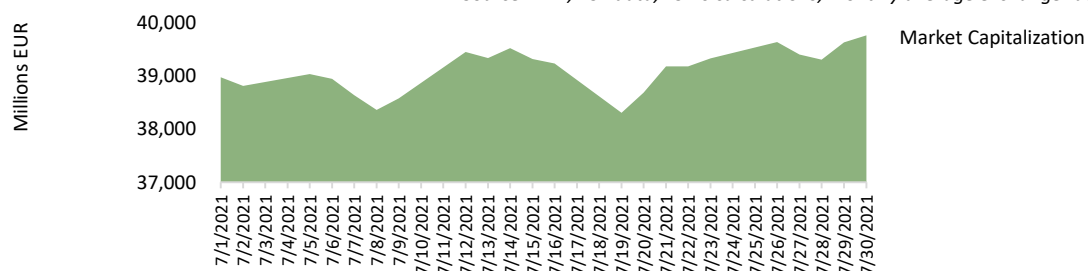
Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 01-02 July 2021</b>	11,102	37,603,289	19,598,415	8.92%
<b>Total 05-09 July 2021</b>	28,460	252,314,500	88,093,769	40.09%
<b>Total 12-16 July 2021</b>	26,085	129,592,884	46,568,130	21.19%
<b>Total 19-23 July 2021</b>	27,213	84,804,936	31,037,481	14.13%
<b>Total 26-30 July 2021</b>	21,527	102,532,726	34,432,333	15.67%
<b>Total July 2021</b>	<b>114,387</b>	<b>606,848,335</b>	<b>219,730,128</b>	<b>100.00%</b>

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for July 2021 = 4.9250 LEI/EUR

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

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
ONE	8,736,639	6.92%	0	0.00%	61,348,310	32.01%
TLV	27,017,259	21.40%	5,942,639	46.41%	32,959,898	17.20%
TRP	13,698,767	10.85%	0	0.00%	13,698,767	7.15%
BRD	9,709,348	7.69%	2,590,898	20.24%	12,300,246	6.42%
SNP	8,181,863	6.48%	2,362,481	18.45%	10,544,344	5.50%
FP	9,796,409	7.76%	0	0.00%	9,796,409	5.11%
SNG	7,545,322	5.98%	633,503	4.95%	8,178,825	4.27%
M	5,583,804	4.42%	848,096	6.62%	6,431,901	3.36%
WINE	4,557,063	3.61%	426,152	3.33%	4,983,215	2.60%
TTS	3,716,483	2.94%	0	0.00%	3,716,483	1.94%
SFG	3,422,290	2.71%	0	0.00%	3,422,290	1.79%
SNN	3,050,832	2.42%	0	0.00%	3,050,832	1.59%
BRK	2,690,906	2.13%	0	0.00%	2,690,906	1.40%
EL	2,003,019	1.59%	0	0.00%	2,003,019	1.04%
TGN	1,942,678	1.54%	0	0.00%	1,942,678	1.01%
<b>Top 15 Total</b>					<b>92.38%</b>	

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for July 2021 = 4.9250 LEI/EUR



Source: BSE data, FSA's calculations; monthly average exchange rate for July 2021 = 4.9250 LEI/EUR

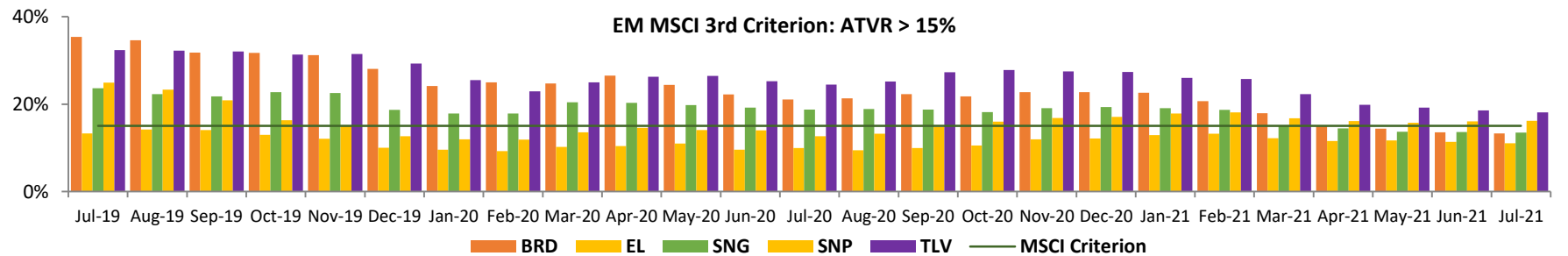
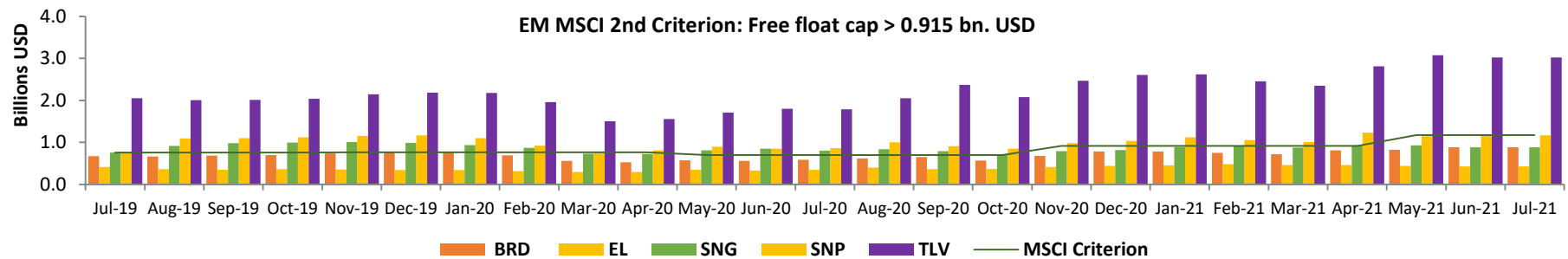
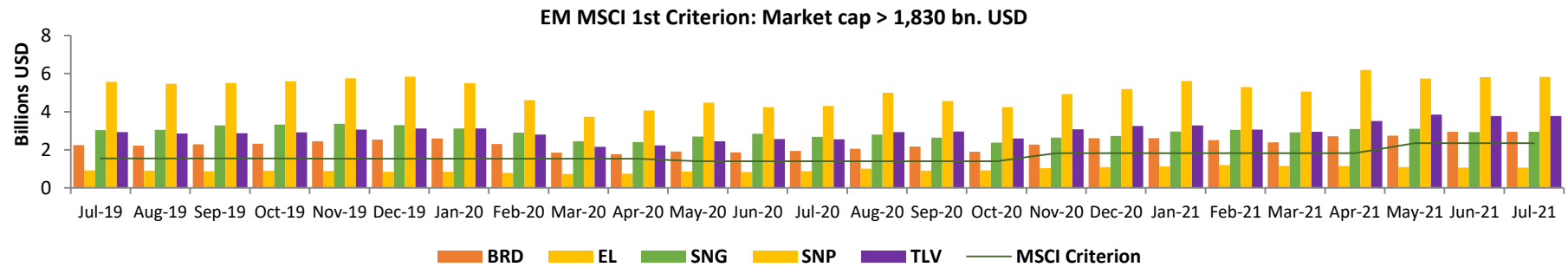
### Top of intermediaries during July 2021

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SSIF BRK FINANCIAL GROUP S.A.	128,047,580	33.26
2	SWISS CAPITAL S.A.	47,478,613	12.33
3	BANCA COMERCIALA ROMANA	41,295,060	10.73
4	BT CAPITAL PARTNERS	39,972,681	10.38
5	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	36,023,152	9.36
6	TRADEVILLE	33,793,254	8.78
7	IFB FINWEST	11,970,258	3.11
8	GOLDRING	9,146,843	2.38
9	BRD Groupe Societe Generale	7,696,586	2
10	PRIME TRANSACTION	7,394,945	1.92
11	RAIFFEISEN CENTROBANK AG	6,315,720	1.64
12	ESTINVEST	5,545,326	1.44
13	Alpha Bank Romania SA	3,057,649	0.79
14	INTERFINBROK CORPORATION	1,951,754	0.51
15	CONCORDE SECURITIES LTD	1,511,315	0.39
<b>Top 15 Total</b>			<b>99.02</b>

**The market capitalization** registered an increase of 27% at the end of July 2021 compared to the end of 2020 and an increase of 8% compared to the end of 2019.

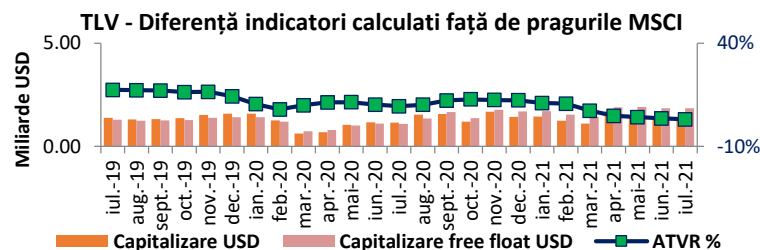
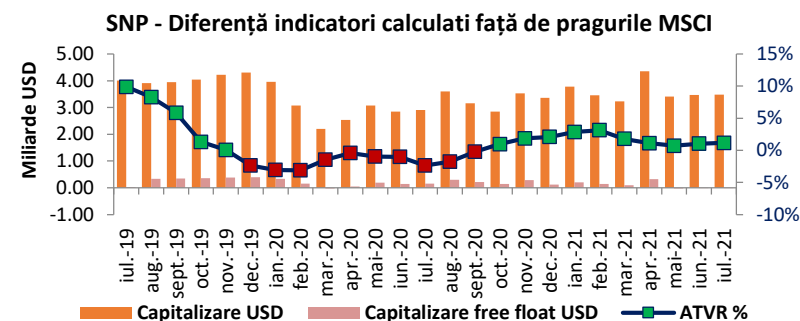
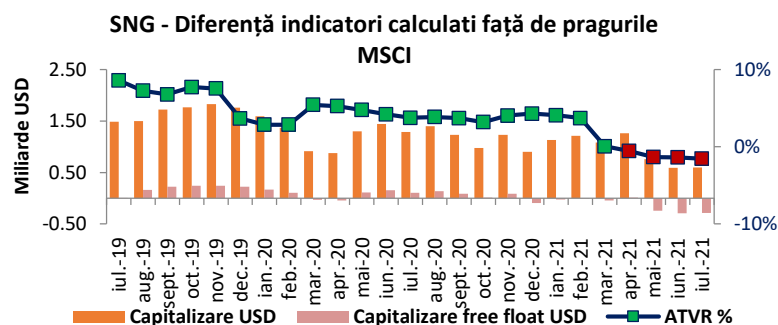
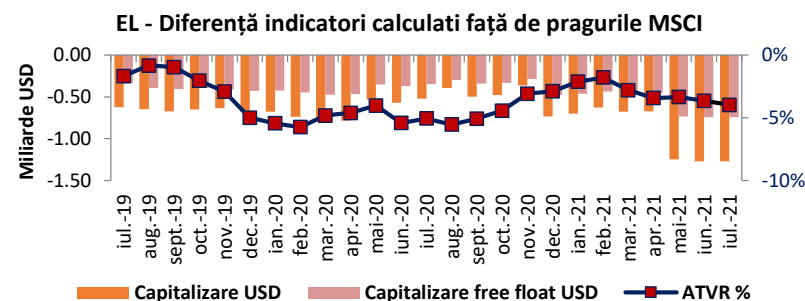
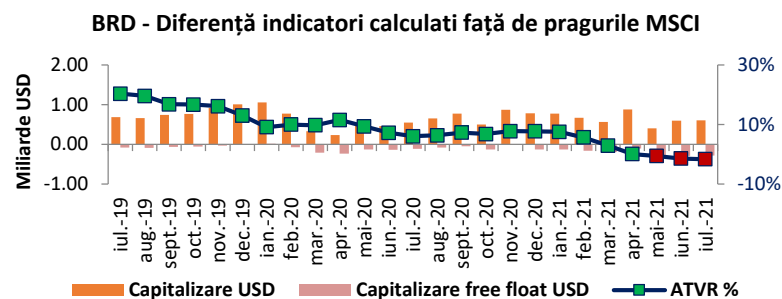
In July 2021, the first 3 companies traded on BVB were One United Properties (ONE) with a share of 32.01% of the total value traded in that period, Banca Transilvania (TLV: 17.20%) and Teraplast SA (TRP: 7.15%)

## MSCI: Quantitative Indicators for Emerging Market Status



Source: ASF Calculations, July 2021

## MSCI: Quantitative Indicators for Emerging Market Status



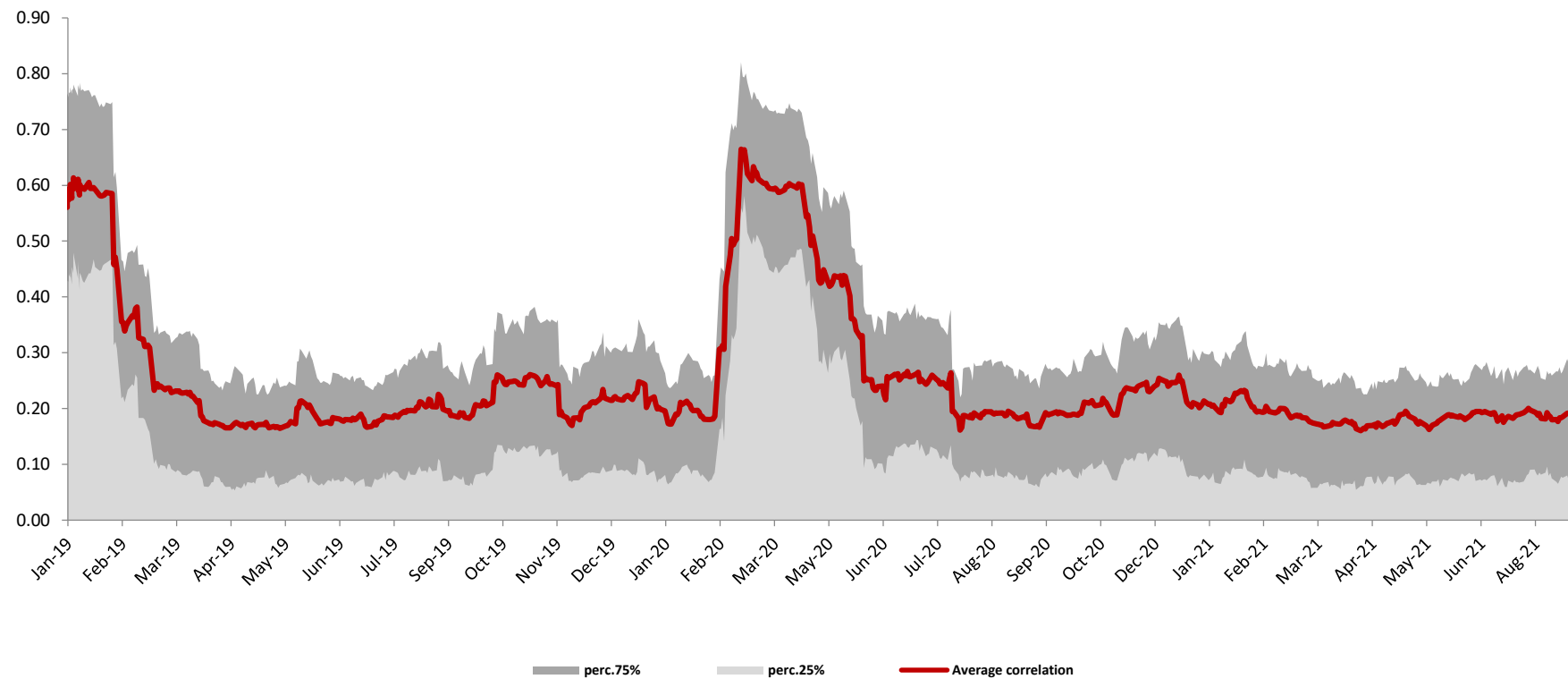
Indicators' variation to MSCI criterion (July 2021)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.61	(0.29)	-1.72%
EL	(1.27)	(0.74)	-3.97%
SNG	0.60	(0.29)	-1.54%
SNP	3.48	0.01	1.15%
TLV	1.44	1.85	3.11%

Source: ASF Calculations, July 2021

## Risk assessment and the benefit of diversification

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



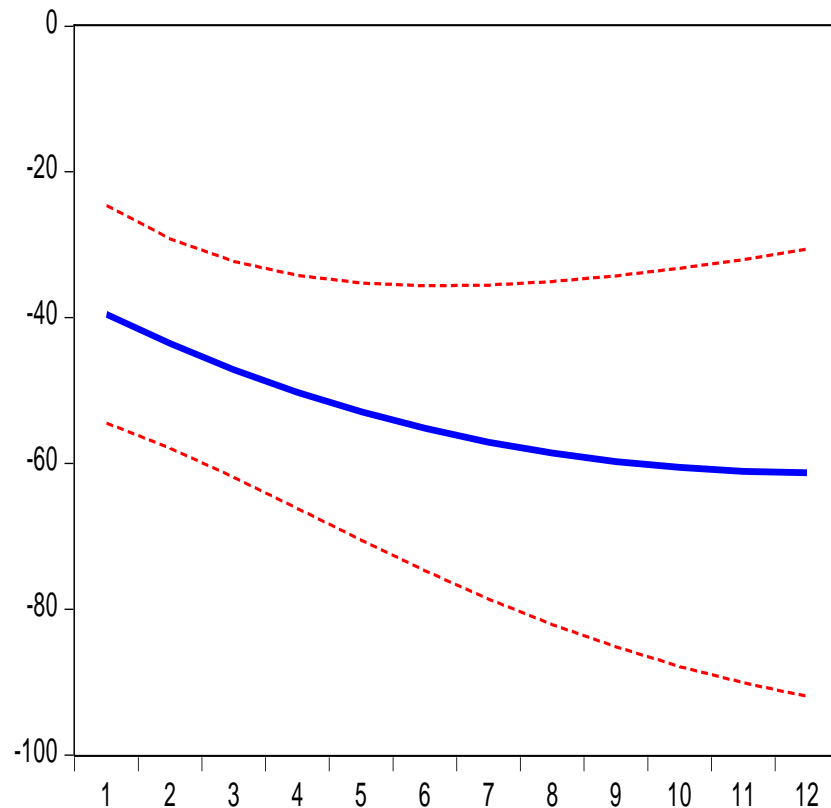
Source: Bloomberg, ASF

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 July-August 2021 there was an increase in correlations between actions.

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.

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

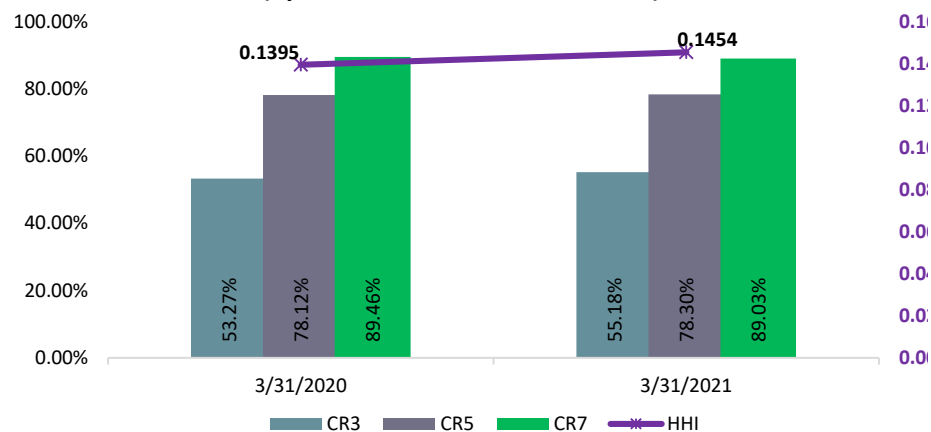


Source: FSA own calculations

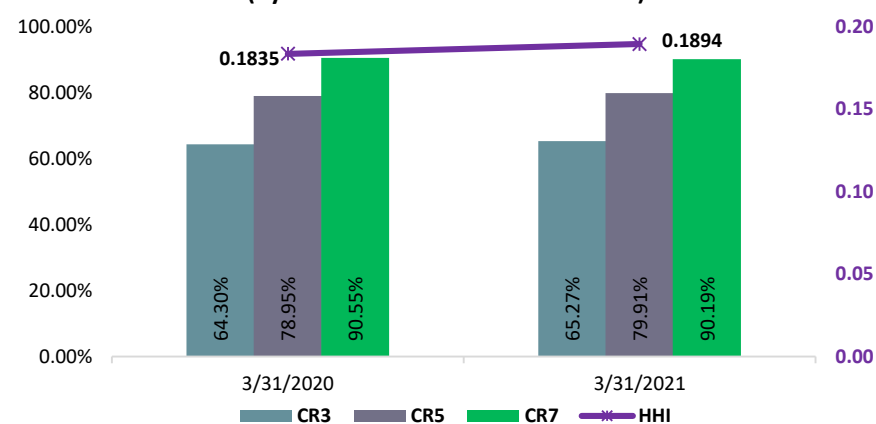


## Concentration risk

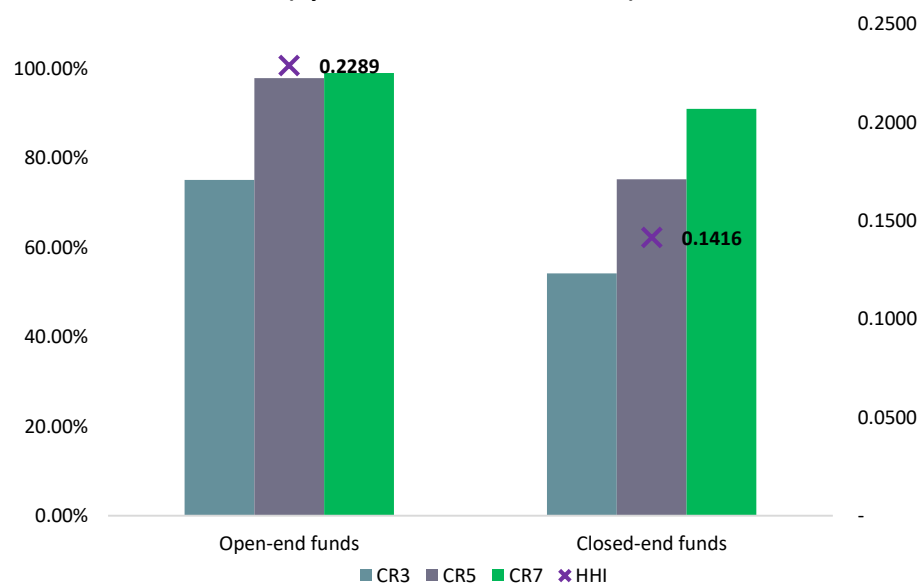
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 31 March 2021)**



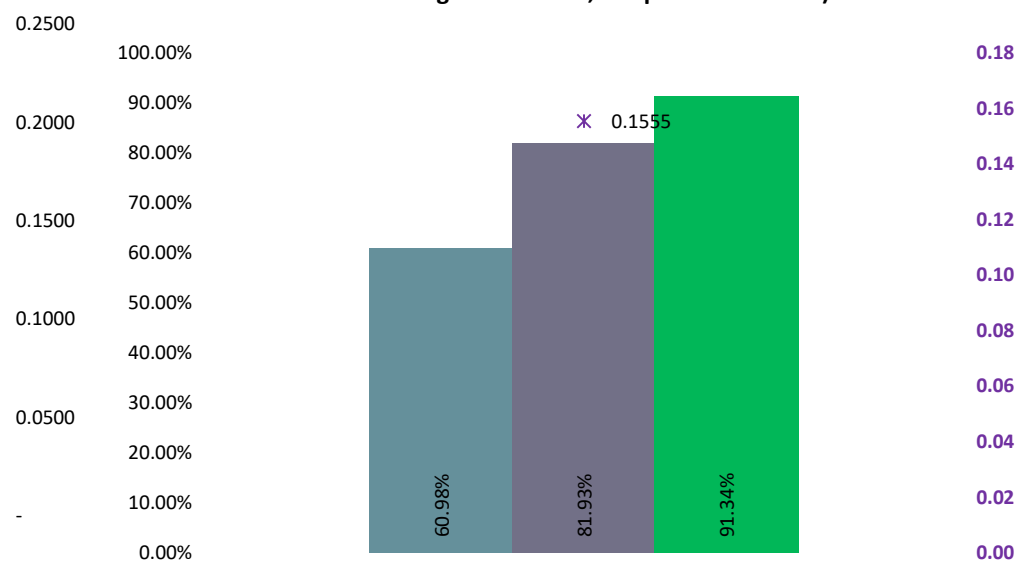
**Concentration risk of life insurance undertakings  
(by value of GWP at 31 March 2021)**



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

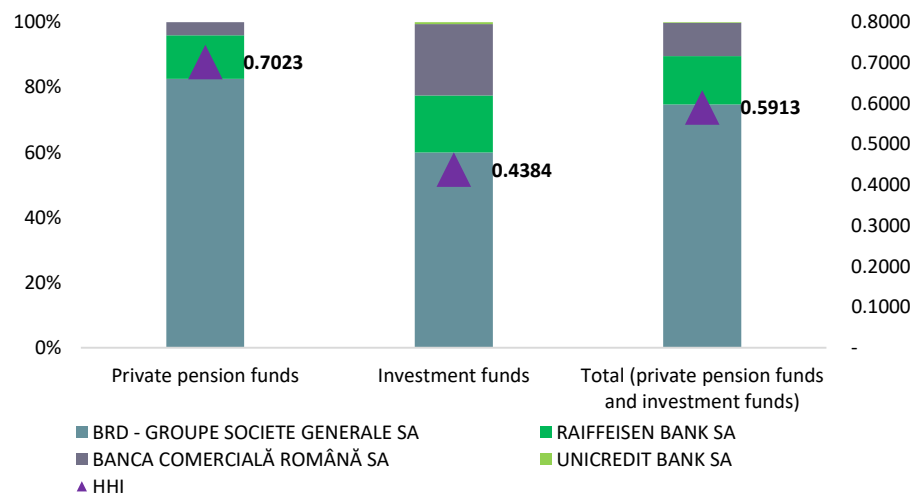


Source: FSA

Source: FSA

## Concentration risk

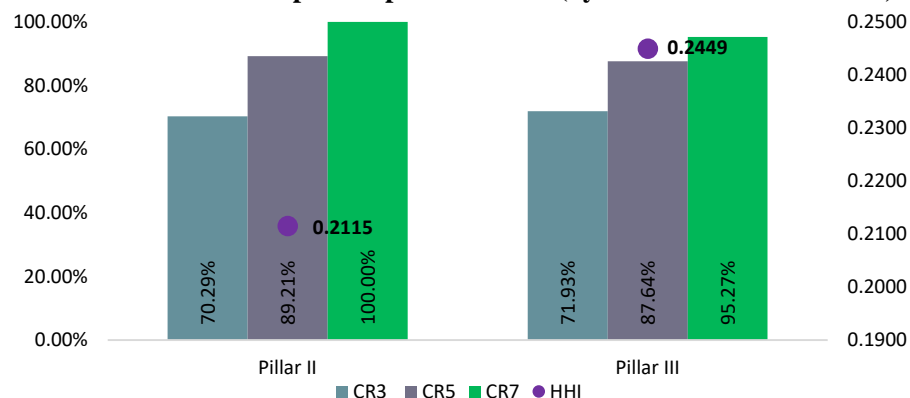
**Concentration risk of depositaries of private pension funds and investment funds (by total assets at 3/31/2021)**



**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 7/30/2021)**



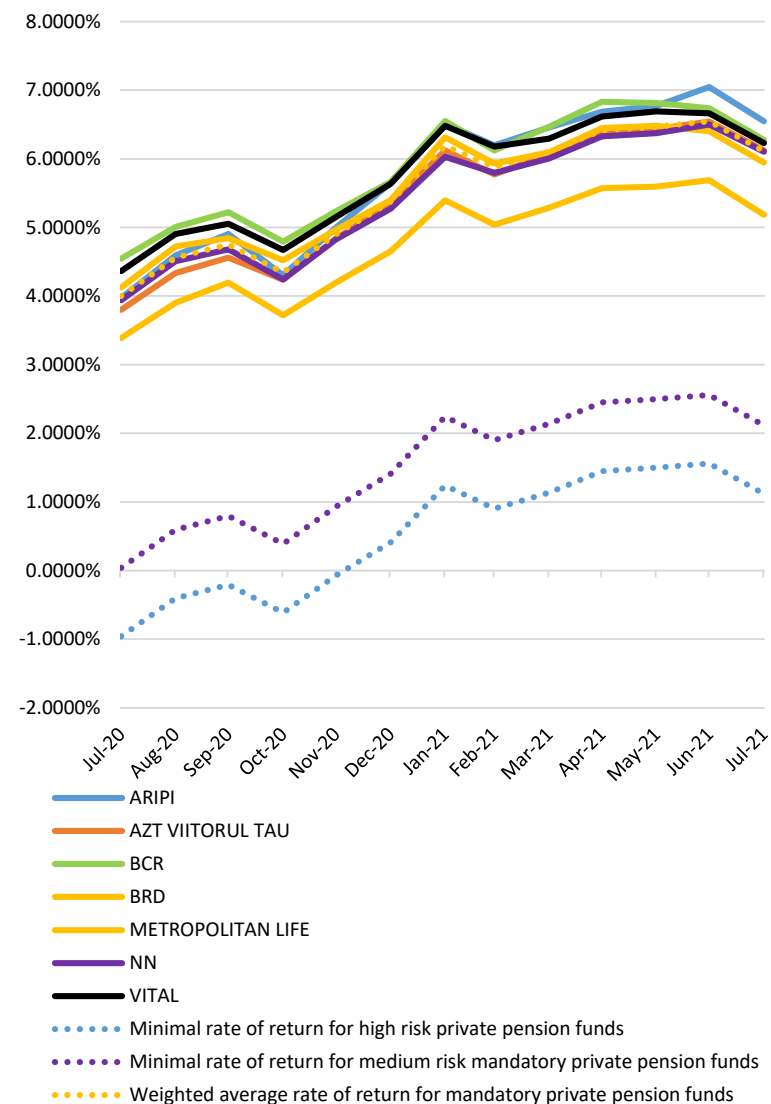
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar III),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

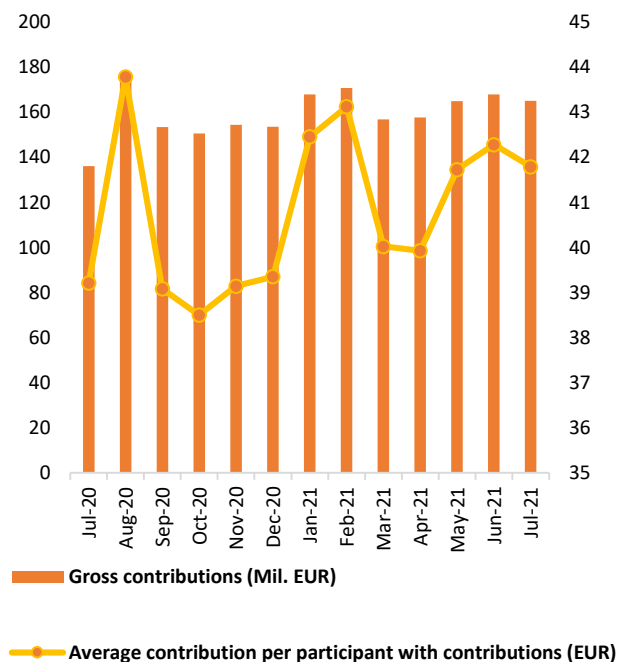
Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 31 July 2021 (EUR)	Participants (persons) July 2021	Rate of return July 2021
ARIPI*	1,546,240,657	801,396	6.54%
AZT VIITORUL TAU	3,730,021,508	1,622,648	6.12%
BCR	1,181,501,370	704,343	6.27%
BRD	682,173,555	489,273	5.18%
METROPOLITAN LIFE	2,390,145,746	1,077,463	5.95%
NN	6,022,149,556	2,049,475	6.10%
VITAL	1,722,788,624	967,296	6.23%
<b>Total</b>	<b>17,275,021,016</b>	<b>7,711,894</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

9,484  
persons

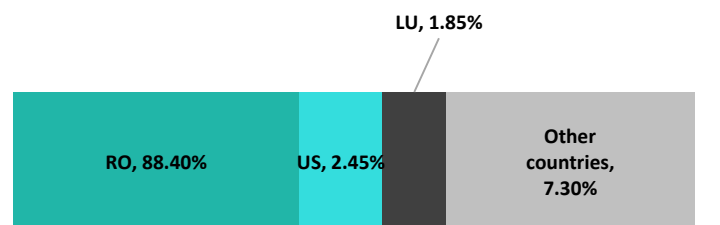
Source: FSA

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

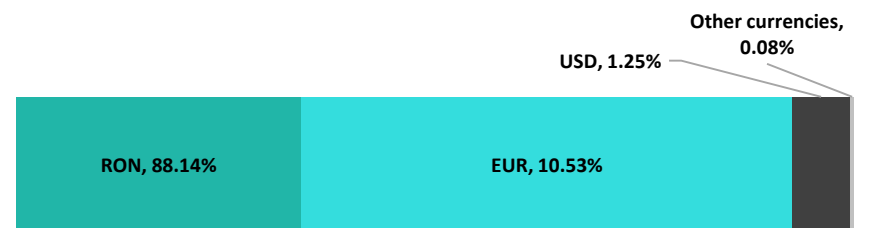
Mandatory pension fund's portfolio at 31 July 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,724,004,245	62.08%
Equity	4,180,983,803	24.20%
Corporate bonds	977,613,490	5.66%
Investment funds	551,338,056	3.19%
Bank deposits	413,912,865	2.40%
Supranational bonds	362,492,192	2.10%
Municipal bonds	37,386,560	0.22%
Metal funds	22,944,314	0.13%
Other assets	4,311,838	0.02%
Derivatives	33,653	0.0002%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



80% 85% 90% 95% 100%

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

Source: FSA

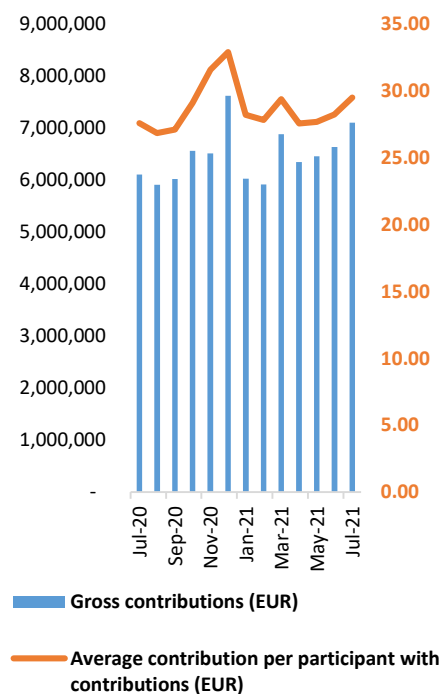
The value of the total assets of the privately managed pension funds reached EUR 17.28 billion at the end of July 2021, registering an annual rate of growth of 28%. At the end of July 2021, the privately managed pension funds' investments were generally made locally, in a percentage of 88%, a large majority 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)

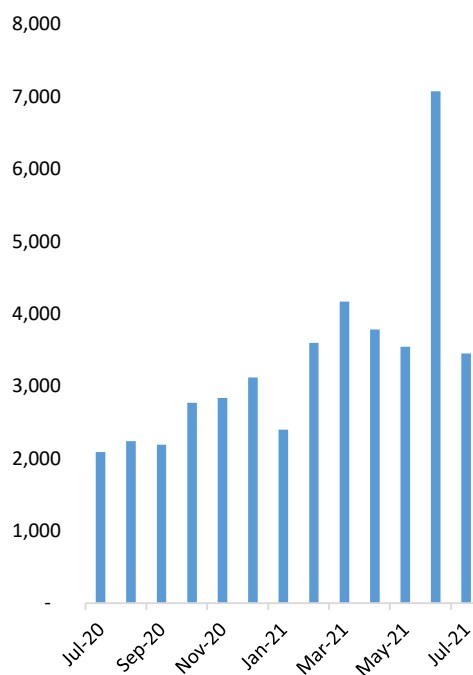
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 31 July 2021	Participants (persons) July 2021	Rate of return July 2021
AEGON ESENTIAL	2,160,970	3,925	6.8220%
AZT MODERATO	68,563,880	44,457	7.1661%
AZT VIVACE	25,591,706	20,526	8.2104%
BCR PLUS	115,586,623	139,861	6.0938%
BRD MEDIO	35,214,191	35,011	4.9513%
GENERALI STABIL	6,500,726	5,506	6.9944%
NN ACTIV	77,142,756	57,411	7.0909%
NN OPTIM	282,582,966	206,219	6.1203%
PENSIA MEA	22,617,669	19,906	5.6318%
RAIFFEISEN ACUMULARE	24,821,746	15,221	6.7785%
<b>Total</b>	<b>660,783,233</b>	<b>548,043</b>	<b>n/a</b>

Evolution of gross contributions

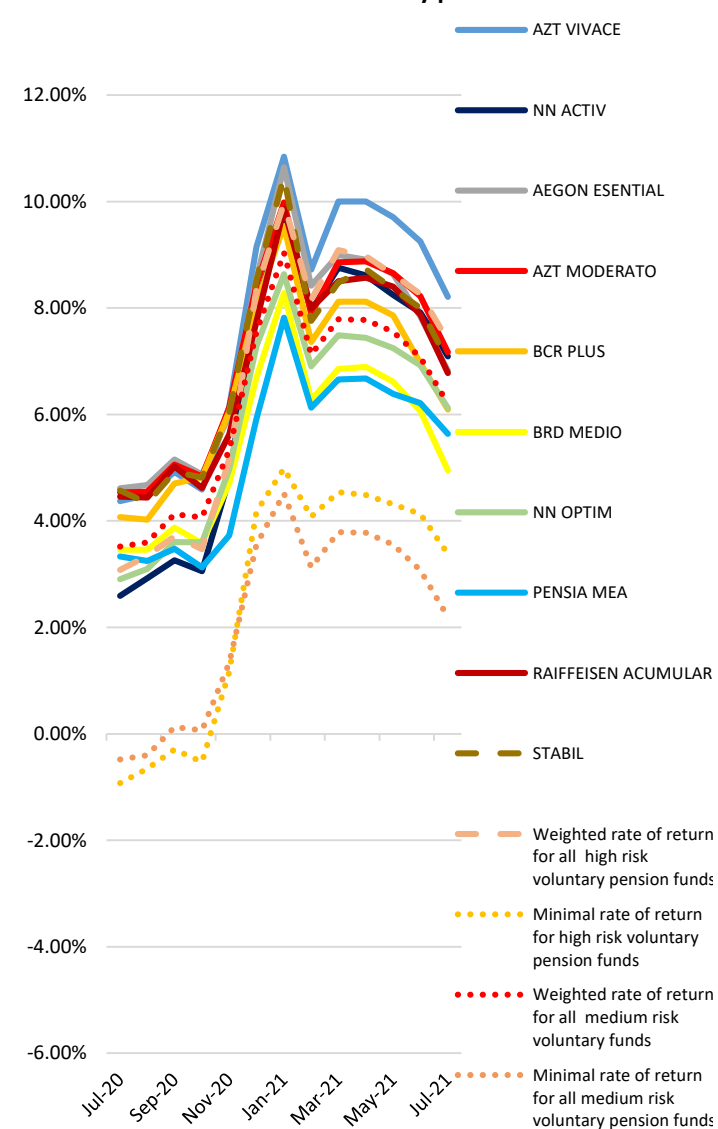


New participants in 3<sup>rd</sup> Pillar (persons)



Source: FSA

Rate of return for voluntary pension funds



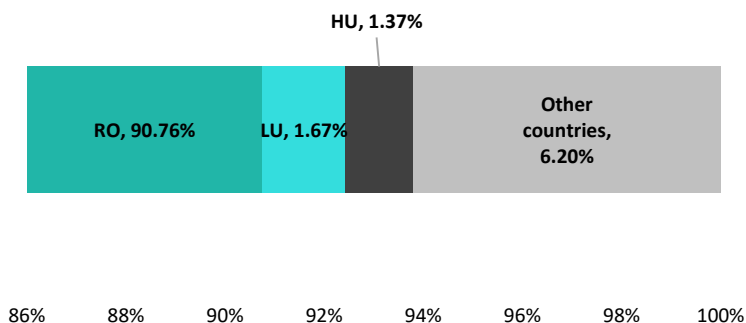
## Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	399,934,184	60.52%
Equity	181,986,474	27.54%
Bank Deposits	21,853,381	3.31%
Corporate Bonds	19,240,863	2.91%
Investment Funds	16,913,813	2.56%
Supranational Bonds	14,192,495	2.15%
Municipal Bonds	4,649,933	0.70%
Metal funds	1,756,426	0.27%
Derivatives	228,628	0.03%
Oher assets	27,037	0.004%

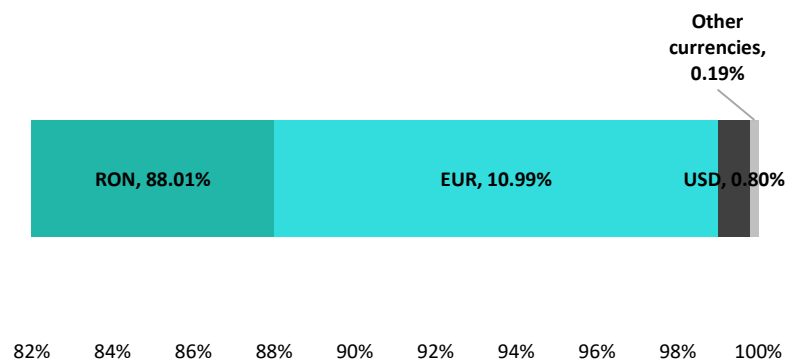
Source: FSA

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



Source: FSA

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



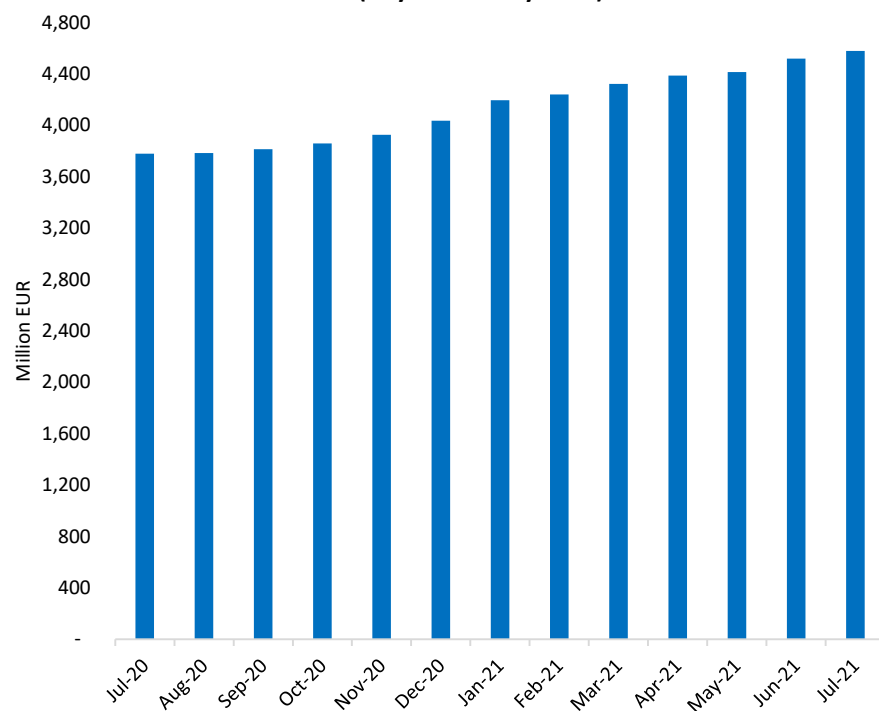
Source: FSA

The value of the total assets of the voluntary pension funds, at the end of July 2021, was EUR 661 million, registering an annual rate of growth of 24%. At the end of July 2021, the voluntary pension funds' investments were generally made locally, in a percentage of 91%, a large majority being denominated in lei.

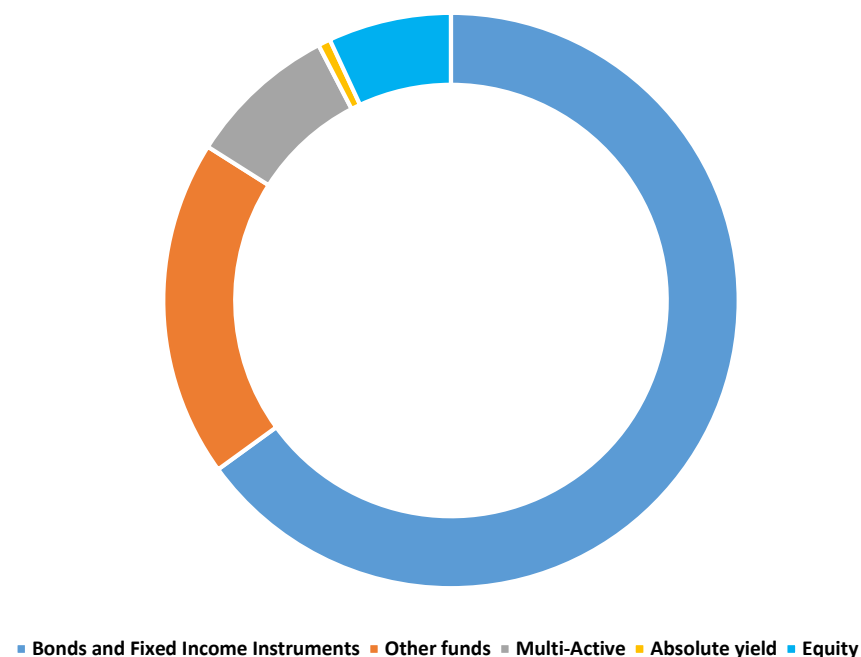
Source: FSA

## Specific developments in the investment funds sector

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



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



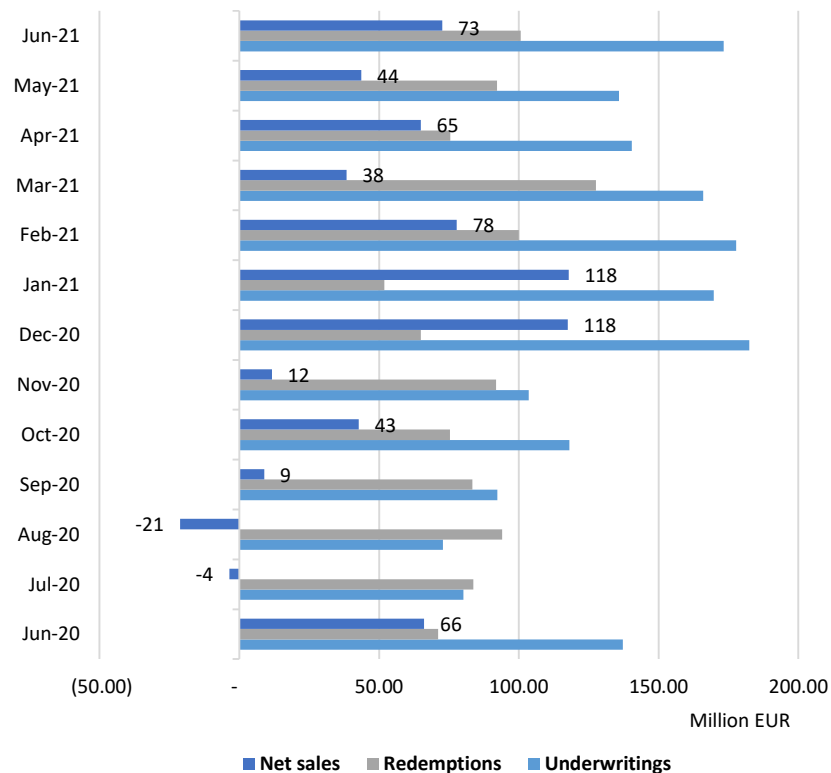
Source: AAF

According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 4.58 billion in July 2021, an increase of approximately 1.3% compared to the previous month. Net assets of all categories of investment funds increased in July 2021 compared to the previous month. In July 2021, *open-end bond and fixed income instruments funds* hold the largest share in total net assets of OeIF (around 65%<sup>1</sup>), while the "*other funds*" category has a market share of approximately 19%.

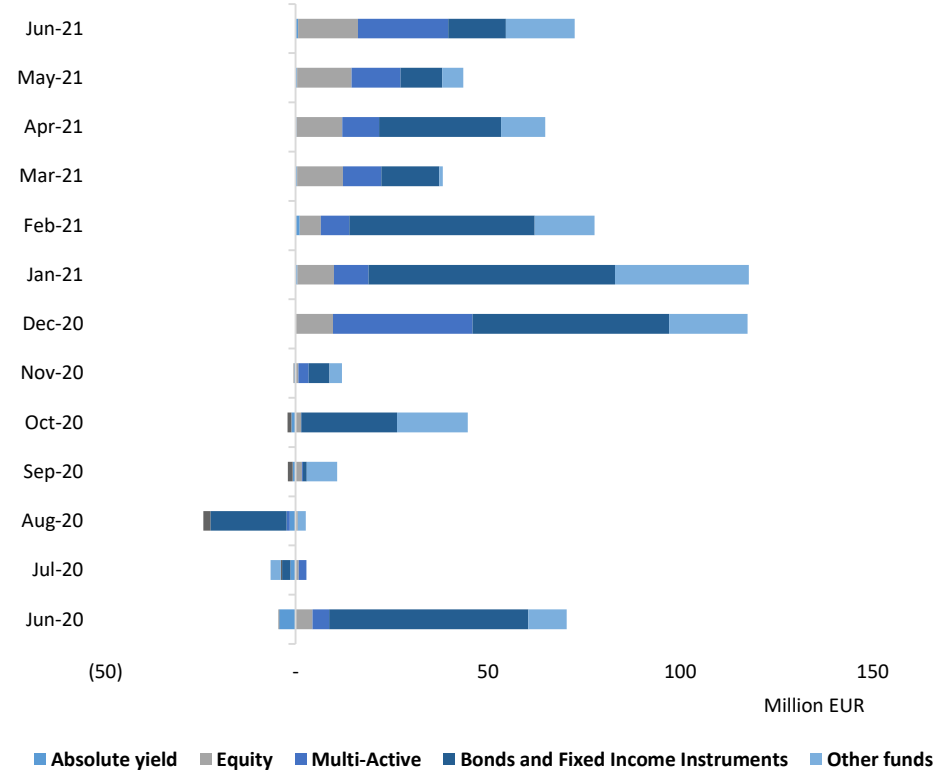
<sup>1</sup> There was a change in Open end investment funds' classification

## 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

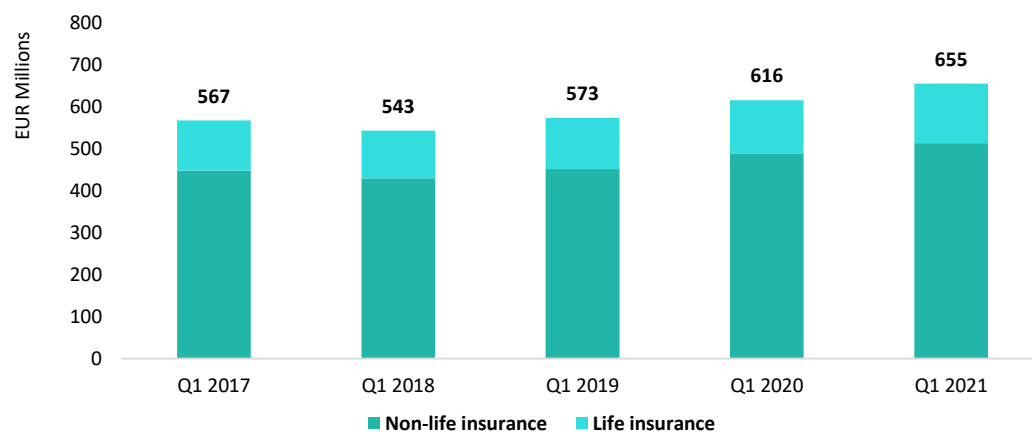
In June 2021, local investment funds registered underwritings amounting to approximately EUR 173 million, while the value of redemptions was about EUR 101 million. Thus, in June 2021, the cumulative value of the net inflows of local open-end investment funds was about EUR 73 million.



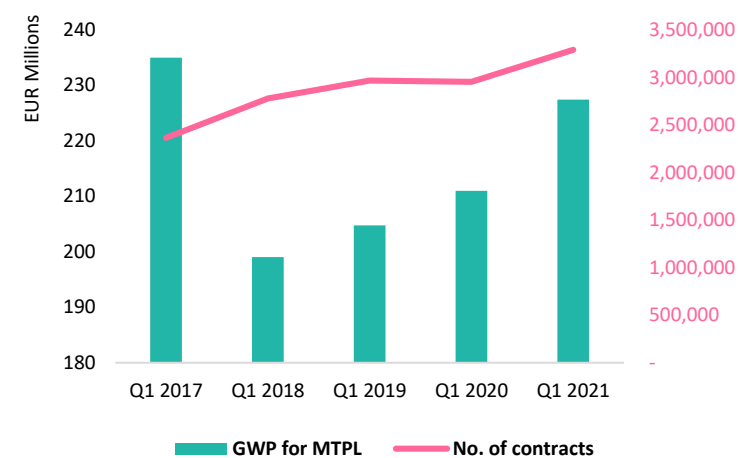
## Specific developments in the insurance market in Romania

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

#### Gross written premiums (total)

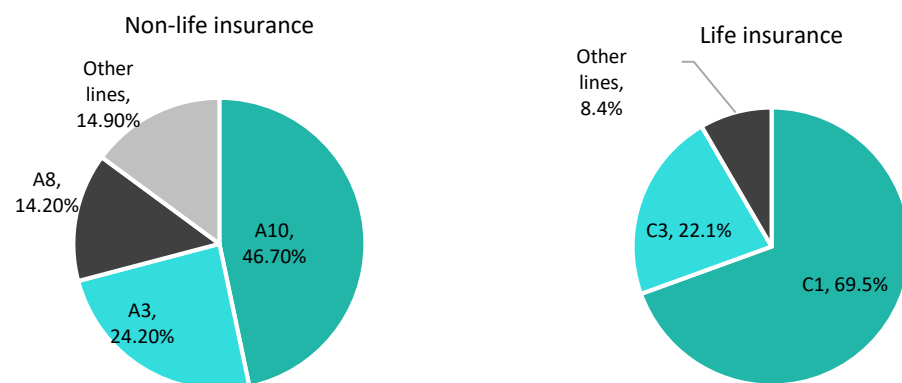


#### MTPL gross written premiums



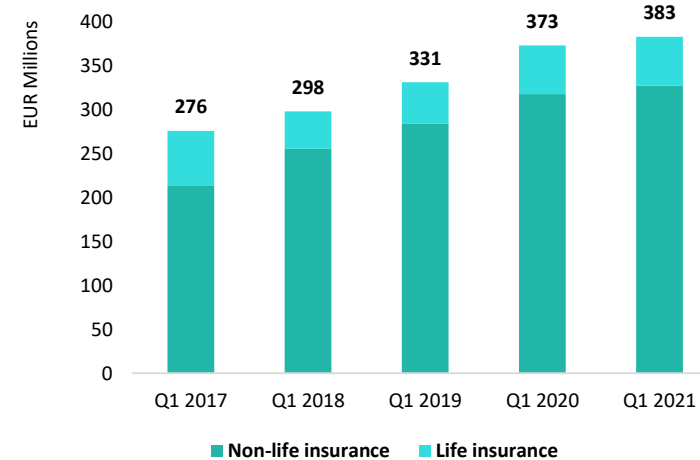
Source: FSA

#### Share of main insurance classes by GWP



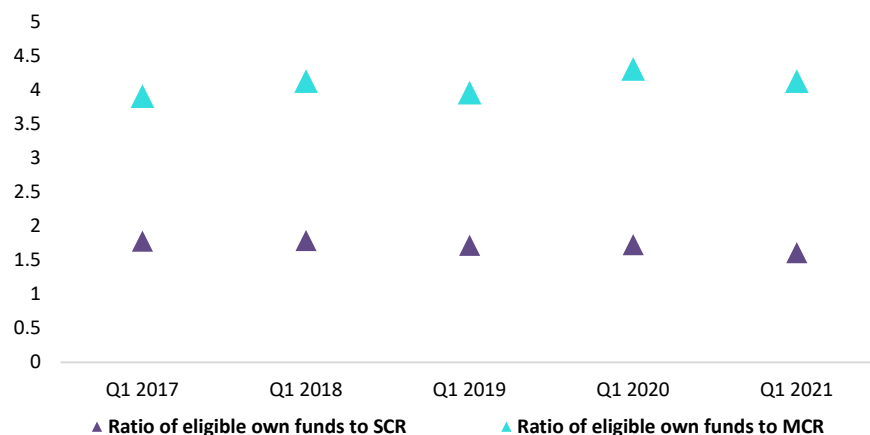
Source: FSA

#### Gross claims paid

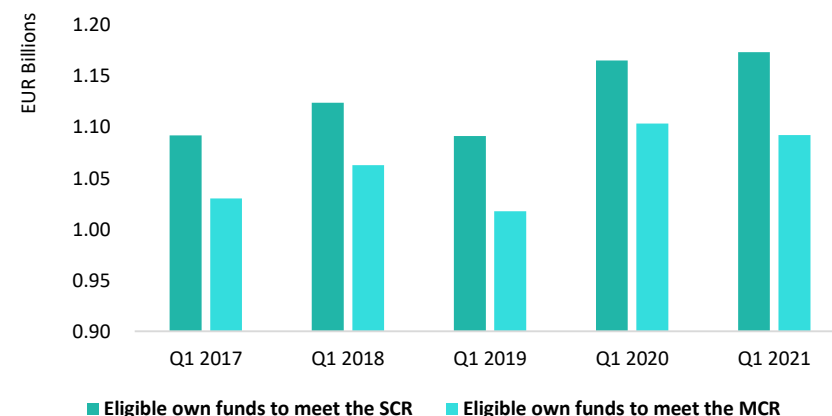


## Specific developments in the insurance market in Romania

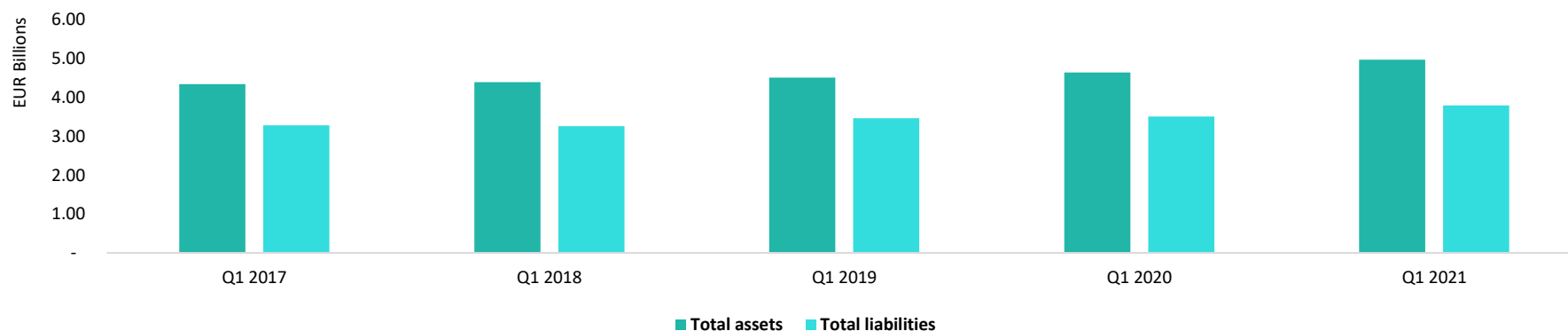
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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 August 2021

EUROPEAN UNION	<ul style="list-style-type: none"> <li>• 6 July: <a href="#">EC puts forward new Sustainable Finance Strategy.</a></li> <li>• 7 July: <a href="#">EC releases Summer 2021 Economic Forecast.</a></li> </ul>
ESMA	<ul style="list-style-type: none"> <li>• 1 July: <a href="#">ESMA publishes first overview of national rules governing fund marketing.</a></li> <li>• 2 July: <a href="#">ESMA and EBA presents final guidance on fit and proper requirements.</a></li> <li>• 9 July: <a href="#">ESMA consults on the review of transparency requirements under MIFIR.</a></li> <li>• 12 July: <a href="#">ESMA launches public consultations on CCP recovery regime.</a></li> <li>• 15 July: <a href="#">ESMA publishes disclosure and investor protection guidance on SPACS.</a></li> <li>• 19 July: <a href="#">ESMA presents third report on the use of sanctions and measures by the NCA under MiFID II.</a></li> <li>• 20 July: <a href="#">ESMA publishes second report on sanctions under AIFMD.</a></li> <li>• 20 July: <a href="#">ESMA releases fourth annual report on use of sanctions for UCITS.</a></li> <li>• 20 July: <a href="#">ESMA issues a Joint Annual Report on prospectus activity and sanctions for 2020.</a></li> </ul>
EIOPA	<ul style="list-style-type: none"> <li>• 6 July: <a href="#">EIOPA reports on key financial stability risks in the European insurance and pension sectors.</a></li> <li>• 8 July: <a href="#">EIOPA issues three publications on sustainable finance.</a></li> <li>• 12 July: <a href="#">EIOPA releases supervisory statement on supervisory practices and expectations in case of breach of the Solvency Capital Requirement.</a></li> <li>• 12 July: <a href="#">EIOPA publishes Opinion on the use of risk mitigation techniques by insurance undertakings.</a></li> </ul>

	<ul style="list-style-type: none"> <li>• 13 July: <a href="#">EIOPA consults on the development of pension tracking services and pension dashboards.</a></li> <li>• 14 July: <a href="#">EIOPA consults on the revision of the Solvency II Guidelines on Contract Boundaries and Valuation on Technical Provision.</a></li> <li>• 19 July: <a href="#">EIOPA issues a Supervisory Statement on the ORSA in the context of COVID-19.</a></li> </ul>
<b>ECB</b>	<ul style="list-style-type: none"> <li>• 1 July: <a href="#">ECB and ESRB issues a joint Report on impacts of climate change for the EU financial sector.</a></li> </ul>