

# Monthly Market Report

The National Commission for Strategy and Prognosis maintained at 7% the economic forecast regarding the GDP growth rate for 2021, amid the return of activity in industry (+5.9%), agriculture (+20.3%) and services (+6.8%) compared to 2020

ASF No.  
11/11.25.2021

- Romania CDS quotations decreased by 9% in October 2021 compared with the previous month, at an average value of 89 bp;
- The value of the total assets of the privately managed pension funds reached EUR 17.57 billion at the end of October 2021, registering an annual rate of growth of 24%, in terms of RON;
- According to data published by AAF, net assets of open-end investment funds (OeIF) reached a value of EUR 4.63 billion in September 2021, slightly decreasing compared to the previous month.

## World Macroeconomic Outlook

According to the flash estimate published by Eurostat, in the third quarter of 2021, the **seasonally adjusted GDP** increased by 2.2% in the euro area and by 2.1% in the EU compared to the previous quarter, being the second consecutive quarter in which the indicator records an advance and recovers from the losses recorded. Compared to the same period of the previous year, seasonally adjusted GDP increased by 3.7% in the euro area and by 3.9% in the EU in the third quarter of 2021.

According to the flash estimate published by NIS, the **gross domestic product** was, in real terms, higher by 0.3% in **Romania** in the third quarter of 2021 compared to the second quarter of 2021. Compared to the similar period of the previous year, in the third quarter of 2021, Romania's gross domestic product increased by 7.2% on the gross series and by 8% on the seasonally adjusted series.

Regarding the forecasts for economic growth, the European Commission (autumn 2021 forecast) estimates a 5.0% increase in both the euro area economy and the EU economy in 2021, a slightly higher revision (+0.2pp) compared to the 2021 summer forecast.

### 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	Q3 2021	European Commission		IMF	
														2021f	2022f	2021f	2022f
Euro area	1.9	1.5	1.8	1.2	1.6	-3.0	-14.5	-4.0	-4.4	-6.4	-1.2	14.2	3.7	5.0	4.3	5.0	4.3
Germany	1.6	0.5	1.4	0.9	1.1	-1.9	-11.3	-3.7	-2.9	-4.6	-3.0	9.9	2.5	2.7	4.6	3.1	4.6
Spain	2.4	2.2	2.0	1.7	2.1	-4.3	-21.5	-8.7	-8.8	-	-4.2	17.5	2.7	4.6	5.5	5.7	6.4
France	2.1	2.3	2.0	0.9	1.8	-5.4	-18.6	-3.6	-4.3	-7.9	1.5	18.8	3.3	6.5	3.8	6.3	3.9
Italy	0.4	0.6	0.7	-0.1	0.4	-5.8	-18.1	-5.4	-6.6	-8.9	-0.7	17.0	3.8	6.2	4.3	5.8	4.2
Bulgaria	4.1	4.3	3.9	3.8	4.0	-1.2	-9.2	-3.0	-3.9	-4.4	-0.3	7.0	-	3.8	4.1	4.5	4.4
Croatia	4.5	3.1	3.1	3.4	3.5	0.6	-14.6	-10.1	-7.0	-8.1	-0.9	16.5	-	8.1	5.6	6.3	5.8
Hungary	5.2	4.8	4.3	3.9	4.6	1.9	-13.0	-4.6	-3.6	-4.7	-1.7	17.6	-	7.4	5.4	7.6	5.1
Poland	5.5	4.9	4.6	4.0	4.7	2.2	-7.9	-1.8	-2.5	-2.5	-1.1	10.8	-	4.9	5.2	5.1	5.1
<b>Romania*</b>	<b>5.2</b>	<b>4.4</b>	<b>3.5</b>	<b>3.8</b>	<b>4.2</b>	<b>2.4</b>	<b>-9.9</b>	<b>-5.1</b>	<b>-2.2</b>	<b>-3.9</b>	<b>-0.5</b>	<b>13.8</b>	<b>8.0</b>	<b>7.0</b>	<b>5.1</b>	<b>7.0</b>	<b>4.8</b>

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Autumn 2021 Economic Forecast, World Economic Outlook – October 2021, IMF, \* update with INS data according to the press release published on 16.11.2021

According to the European Commission's forecast (autumn 2021 forecast), Romania's gross domestic product will increase by 7% in 2021, a downward revision compared to the EC estimate in the 2021 summer forecast (7.4%).

The **National Commission for Strategy and Prognosis** maintained at 7% the economic forecast regarding the GDP growth rate for 2021, amid the return of activity in industry (+5.9%), agriculture (+20.3%) and services (+6.8%) compared to 2020. According to NCSP, for the construction sector is estimated an increase in gross value added by 0.2%.

## World Macroeconomic Outlook

**The annual inflation rate** in the euro area stood at 4.1% in October 2021, up from the rate recorded in September (3.4%), while at the EU level, annual inflation stood at 4.4%, up from 3.6% in the previous month. Malta (1.4%), Portugal (1.8%), Finland and Greece (both 2.8%) had the lowest inflation rates, while Lithuania (8.2%), Estonia (6.8%) and Hungary (6.6%) recorded the highest rates.

**In Romania, the annual inflation rate (CPI)** was 7.94% in October 2021, up compared to the previous month (+6.29%). The most significant contribution to the annual inflation rate came from the increasing prices of non-food goods (+11.39%), followed by food goods (+5,25%) and by services (+3,96%).

**Turnover from market services provided mainly to enterprises** increased in Romania in September 2021 compared to the same period of the previous year by 16.5% as gross series and by 17.8% as seasonally adjusted series. The highest increase was registered by the activities in information services and information technology (+29.6%), followed by transport activities (+18.7%), other services provided mainly to enterprises (+14.7%), activities in film production, video, television programs, broadcasting and transmission of programs (+10.5%) and communications activities (+0.6%).

The **volume of construction works** decreased in Romania by 14.3% as gross series and by 12.1% as seasonally adjusted series in September 2021 compared to the similar period of the previous year. The volume of capital repair works registered the most significant decrease (-46.5%), followed by the volume of current maintenance and repair works (-22.0%) and the volume of new construction works (-5%). By construction type, the gross series shows increases in the volume of residential buildings (+25.2%), while the non-residential buildings (-29.5%) and engineering construction works (-20.8%) decreased.

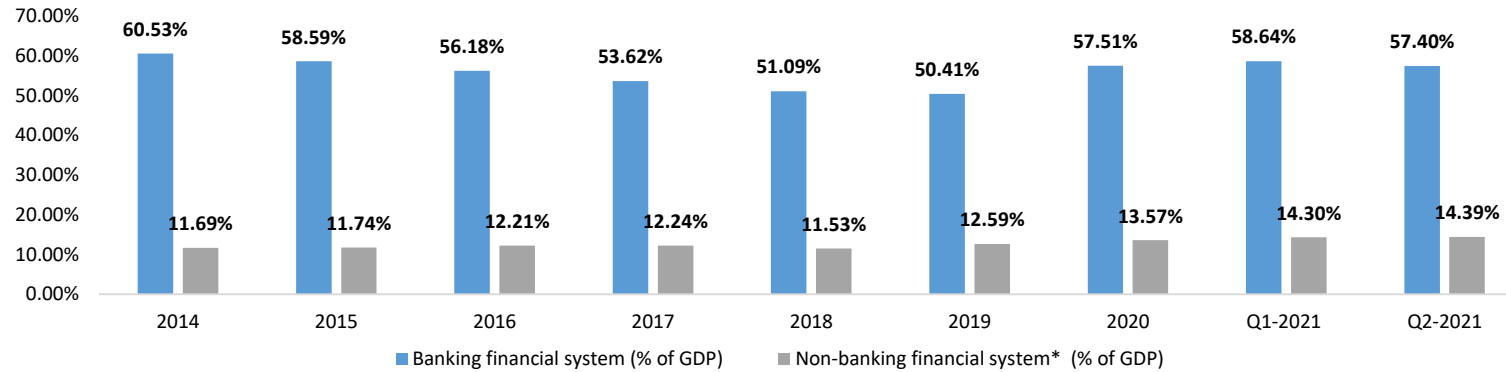
**In Romania, the industrial production** decreased by 4.0% as gross series and by -3.2% as seasonally adjusted series in September 2021 compared to September 2020. The most significant decreases were recorded by the extractive industry (-6.7%) and manufacturing industry (-5.2%). The production and supply of electricity and heat, gas, hot water and air conditioning increased by 6.4%.

**Retail trade** (seasonally adjusted series) decreased by 0.3% in the euro area and by 0.2% in the European Union, in September 2021 compared to the previous month. Compared to the same period of the previous year, retail trade (seasonally adjusted series) increased by 2.5% in the euro area and by 3.2% in the EU in September 2021. In the EU, the volume increased by 4.8% for the non-food products and for the retail trade of fuels, followed by retail trade of food, beverages and tobacco (0.8%). Among the Member States for which data are available, the largest annual increases in retail trade volume were recorded in Slovenia (+17.1%), Estonia (+16.8%) and Malta (+15.0%), while the most significant decreases were registered in Germany (-1.1%), Austria (-0.3%) and Spain (-0.1%). **In Romania, the volume of retail trade turnover** increased in September 2021 by 8.5% as gross series and by 8.4% as a seasonally adjusted series compared to September 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 (+10.4%) followed by the sales of food, beverages and tobacco (+9.0%) and sales of automotive fuel in specialized stores (+4.4%).

**The Economic Sentiment Indicator (ESI)** recorded a value of 117.6 points in the European Union in October 2021, exceeding the pre-crisis levels. In October 2021, confidence in services sector registered an increase of 2.8 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 October 2021 at a level of 99.8 points, decreasing compared to the previous month (100.3 points). In Romania, the confidence in the construction sector recorded an increase of 2.6 points compared to the value recorded in the previous month, while confidence in the retail sector declined by 3.9 points compared to the previous month.

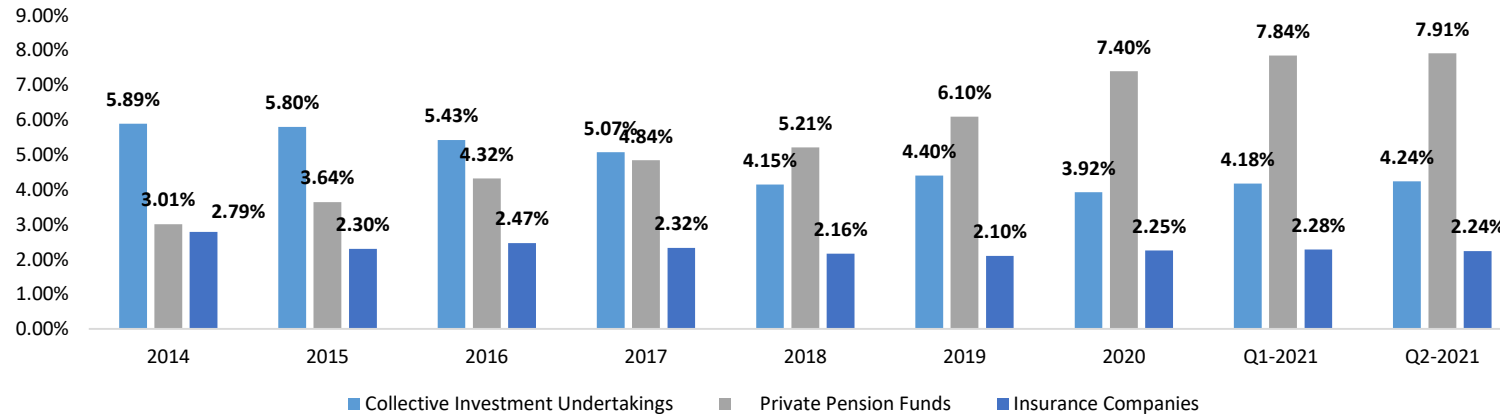
## The size of the banking vs. non-banking financial sector

### 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, ASF

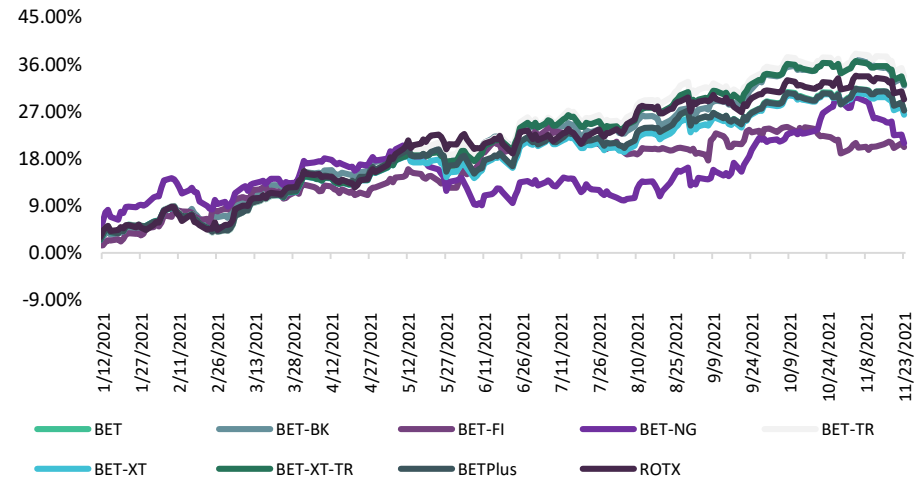
## Current trends and headlights on Romanian markets

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

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
11/23/2021	27.21%	31.98%	20.26%	20.99%	33.69%

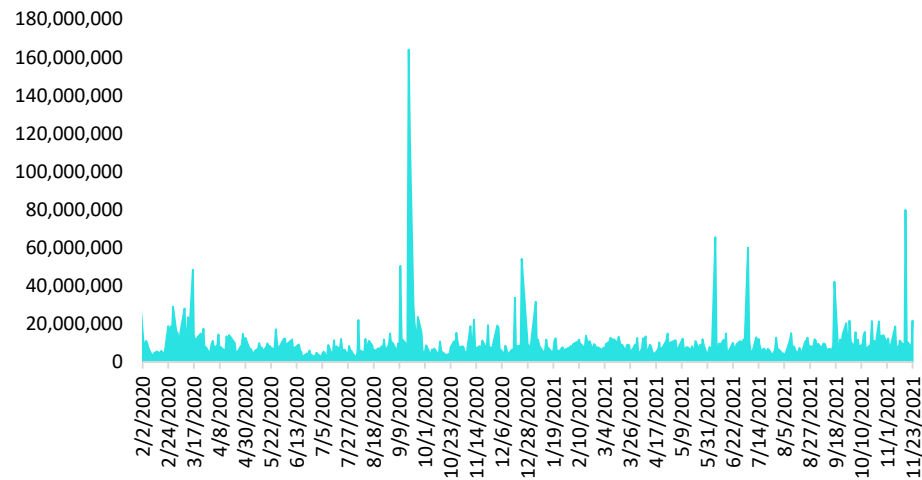
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
11/23/2021	26.43%	32.20%	27.21%	29.32%

### 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	Q2 2021
Italy	136.0	137.3	136.5	134.3	137.5	149.1	154.2	155.6	159.6	156.3
France	98.7	98.5	99.4	97.5	100.7	113.0	115.4	115.0	117.9	114.6
Spain	98.4	98.5	97.5	95.5	99.2	110.3	114.1	120.0	125.3	122.8
Euro zone	86.0	85.8	85.4	83.6	85.7	94.4	96.6	97.3	100.0	98.3
EU	79.6	79.4	78.8	77.2	78.9	87.2	89.2	90.1	92.4	90.9
Hungary	68.3	67.1	67.1	65.5	65.8	70.2	73.8	80.1	80.8	77.4
Germany	61.1	60.5	60.4	58.9	60.1	66.4	69.1	68.7	69.9	69.7
Poland	48.9	47.7	46.9	45.6	47.5	54.6	56.5	57.4	59.0	57.4
<b>Romania</b>	<b>33.8</b>	<b>33.8</b>	<b>35.1</b>	<b>35.3</b>	<b>37.4</b>	<b>40.7</b>	<b>43.1</b>	<b>47.4</b>	<b>47.7</b>	<b>47.5</b>
Bulgaria	20.7	20.1	20.3	20.0	19.9	21.2	25.0	24.7	24.7	24.7

Source: Eurostat

The government debt-to-GDP ratio in the euro area was 98.3% in the second quarter of 2021, increasing compared to the level recorded in the fourth quarter of 2019 (83.6%). There is significant heterogeneity in debt level, the share of public debt in GDP ranging from 19.6% (Estonia) to 207.2% (Greece).

Romania is among the EU member states with a low level of indebtedness (47.5%), below the indebtedness of the EU member states of 90.9% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 5.3 billion in January-September 2021 (compared with EUR 1.7 billion in the same period of the previous year).

On the other hand, the current account of the balance of payments registered a deficit of EUR 11.5 billion in the first nine months of 2021, compared to EUR 7.8 billion in the same period of the previous year.

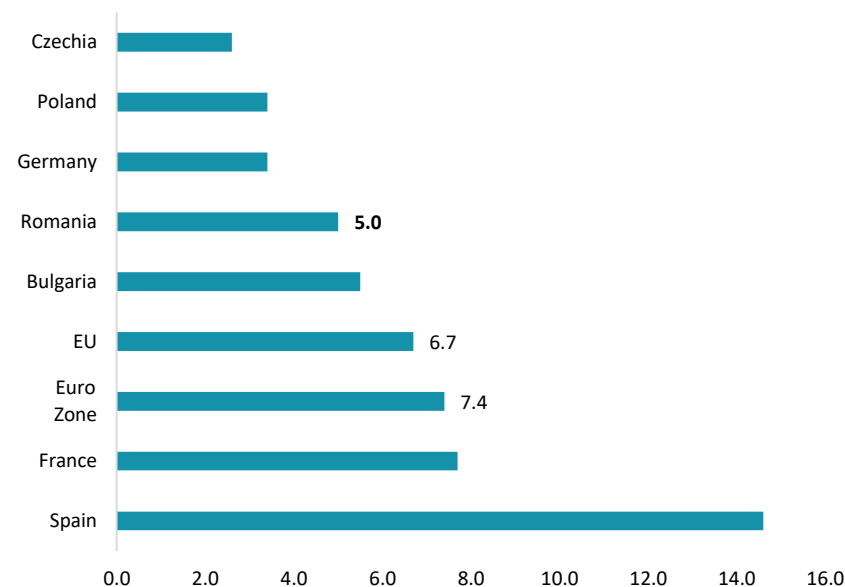
The evolution of the current account was accompanied by an increase in total external debt by EUR 6.8 billion in January-September 2021 to EUR 134 billion.

The seasonally adjusted unemployment rate in the euro area was 7.4%, down 0.1 pp compared to August 2021, while the EU unemployment rate was 6.7% in September 2021, down 0.2 pp compared to the previous month.

The seasonally adjusted unemployment rate in Romania was 5.0% in September 2021, down 0.2 pp compared to the previous month (5.2%), according to data published by NIS.

At local level, the unemployment rate among men (5.3%) is higher than the unemployment rate for women (4.7%).

### Unemployment rate (September 2021)



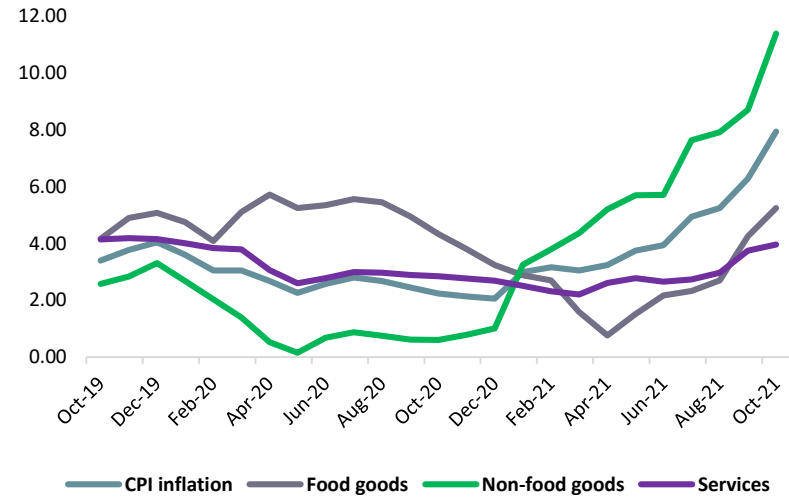
Source: Eurostat

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

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

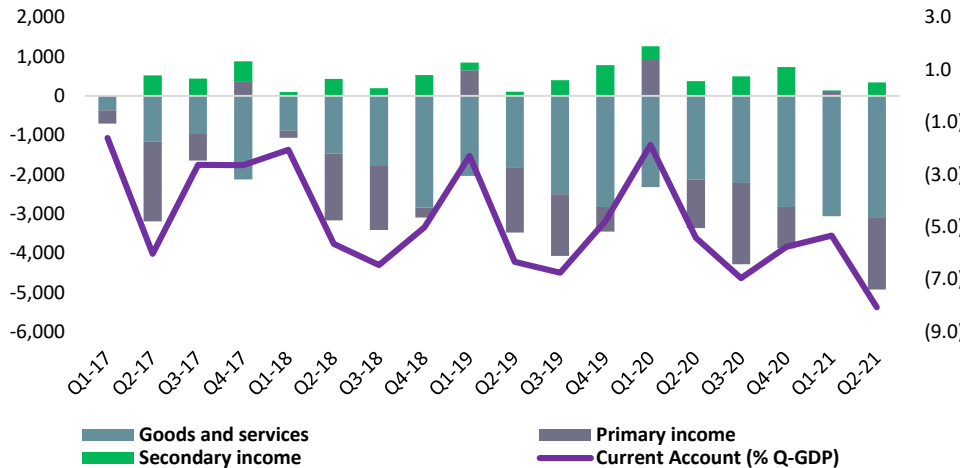


### Inflation, monthly data (annual rate of change)



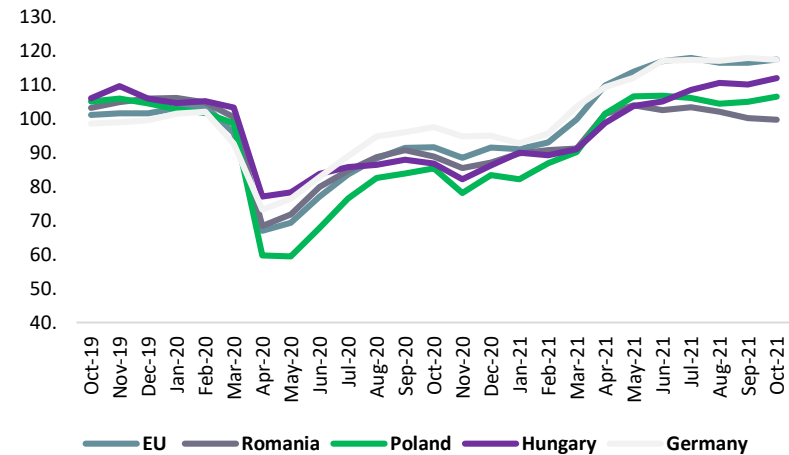
Source: National Institute of Statistics; ASF calculations

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



Source: NBR, ASF calculations

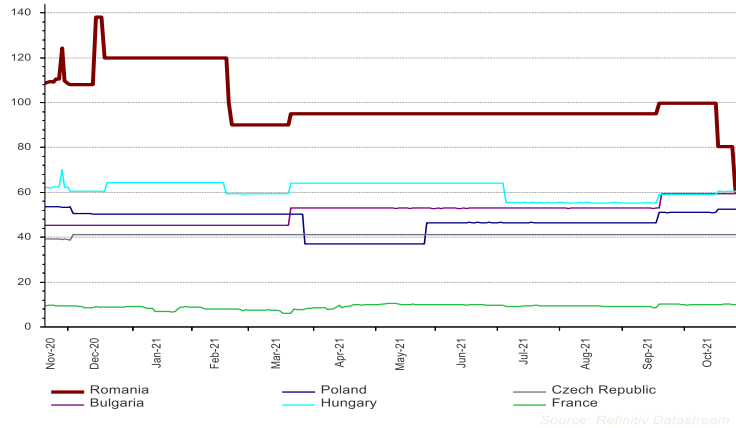
### The economic sentiment index in EU



Source: Eurostat

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

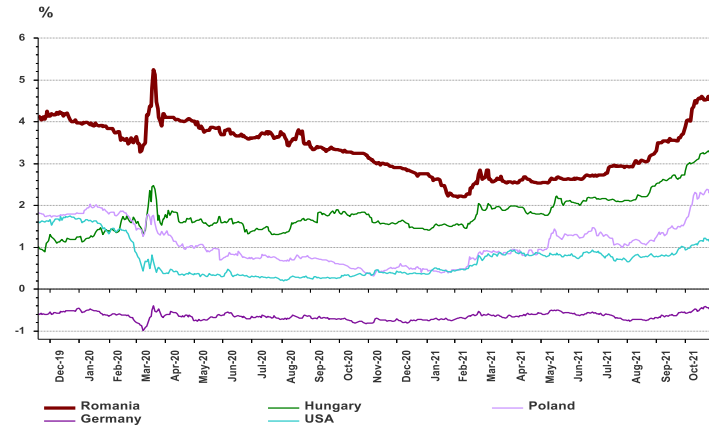
Evolution of Credit Default Swaps quotations (5Y, USD)



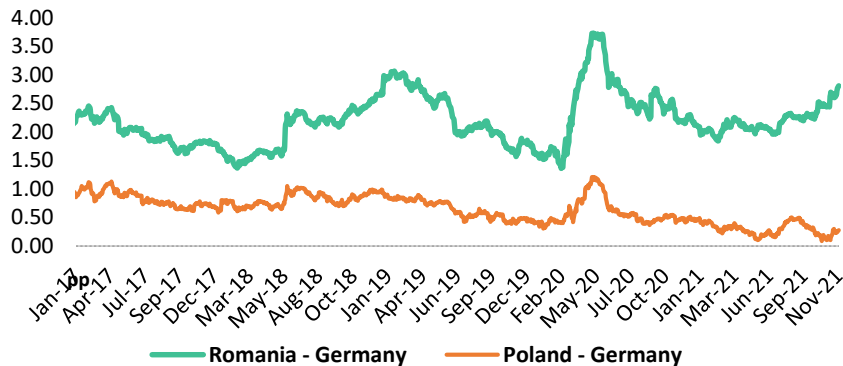
Source: Datastream

Romania 5 - year bond yields increased by 23% in October 2021 as compared with the previous month, reaching an average value of 4.39%, while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.49% in October 2021).

Government bond yields (5Y, LC)



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



Romania CDS quotations decreased by 9% in October 2021 compared with the previous month, at an average value of 89 bp. French CDS quotations increased to an average value of 9.95 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 November 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 October 2021

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	4.04%	3.05%	7.27%
FR (CAC 40)	4.76%	3.29%	8.95%
DE (DAX)	2.81%	0.93%	3.65%
IT (FTSE MIB)	4.64%	5.97%	11.33%
GR (ASE)	3.78%	1.10%	-1.35%
IE (ISEQ)	1.77%	2.72%	5.66%
ES (IBEX)	2.97%	4.40%	2.75%
UK (FTSE 100)	2.13%	2.92%	3.84%
US (DJIA)	5.84%	2.53%	5.74%
IN (NIFTY 50)	0.30%	12.11%	20.78%
SHG (SSEA)	-0.58%	4.41%	2.91%
JPN (N225)	-1.90%	5.90%	0.28%

The European indices have recorded positive developments (1M). The most significant increase was recorded by CAC 40 index (FR: +4.76%), followed by FTSE MIB index (IT: +4.64%).

The main American and Asian indices showed mixed developments. Therefore, the most significant increase was registered by DJIA index (US: +5.84%), while the most important decrease was registered by N225 index (JPN: -1.90%).

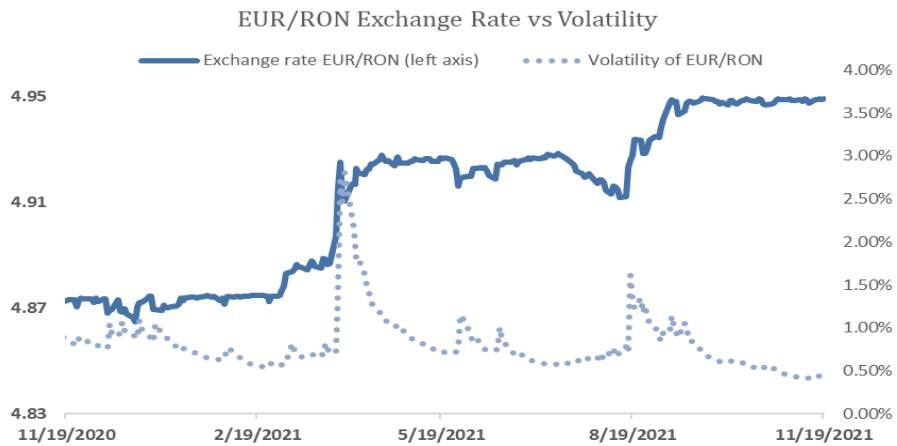
BSE indices	1 M	3 M	6 M
BET	-0.32%	6.38%	11.14%
BET-BK	0.46%	9.32%	14.74%
BET-FI	-3.79%	-1.13%	5.76%
BET-NG	6.46%	16.13%	9.65%
BET-TR	-0.35%	7.96%	16.74%
BET-XT	0.07%	6.99%	11.43%
BET-XT-TR	0.04%	8.22%	16.46%
BETPlus	-0.36%	6.17%	10.75%
ROTX	0.15%	6.76%	13.67%

The BSE stock indices have recorded mixed developments (1M). Therefore, the most significant increase was recorded by BET-NG index (+6.46%), while the most important decrease was registered by BET-FI index (-3.79%).

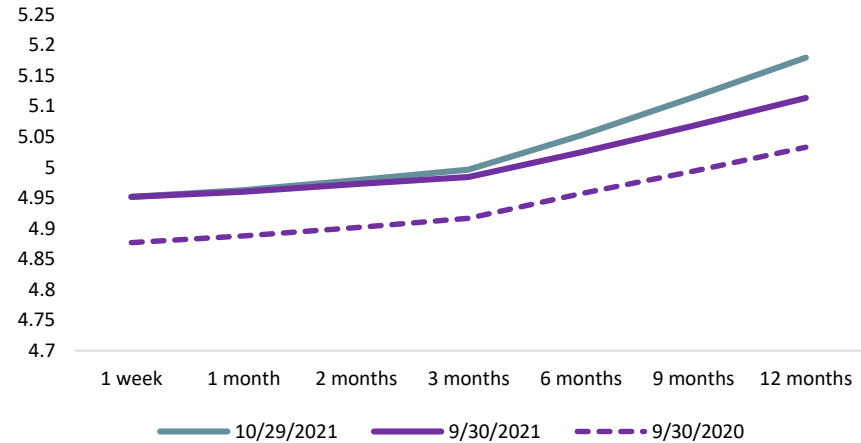
Source: Datastream, ASF calculations

Note: 1M=10/29/2021 vs. 09/30/2021; 3M=10/29/2021 vs. 07/30/2021; 6M=10/29/2021 vs. 04/30/2021

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

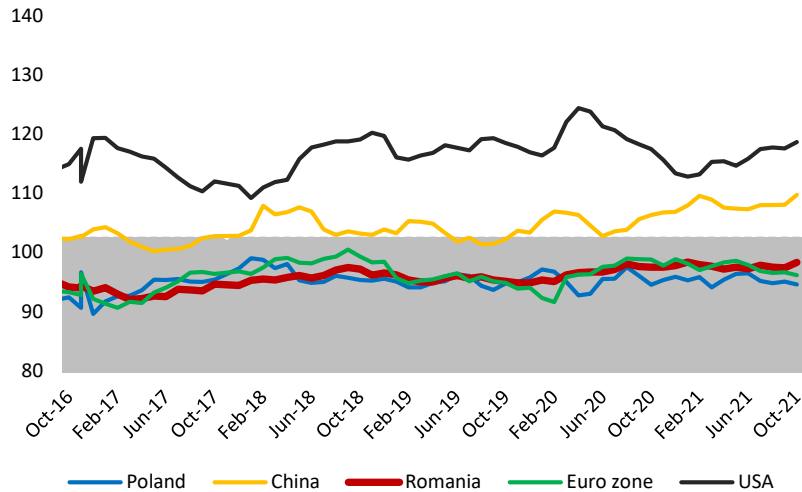


### Term structure of EUR/RON forward rate



Source: Refinitiv, ASF calculations

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



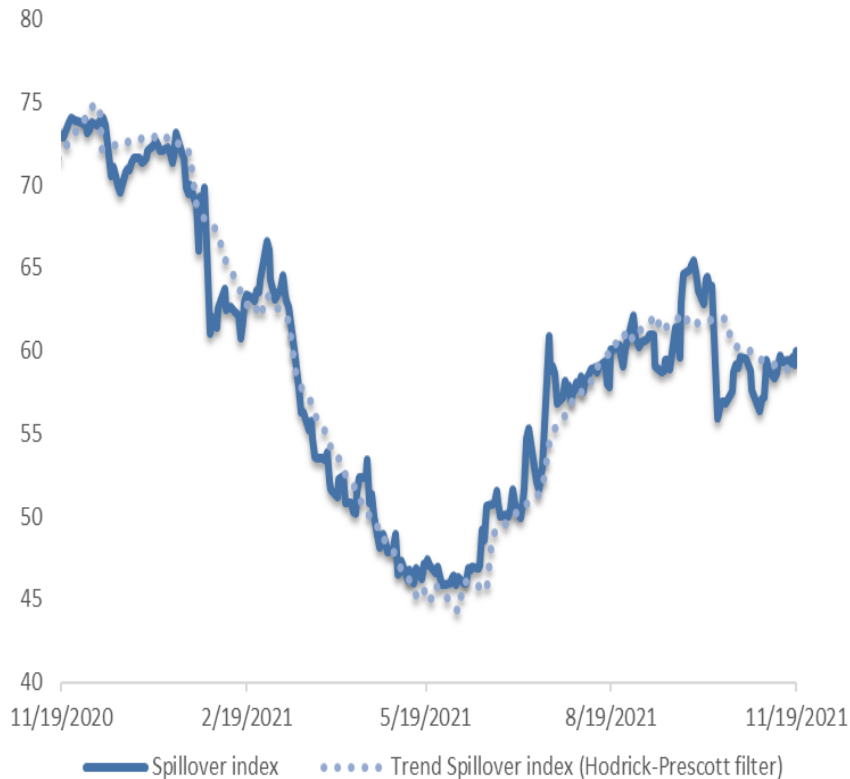
Source: BIS, ASF calculations

In Romania, inflation continued its upward trend and in September reached 6.3%, the highest value in the last 10 years, well above the NBR forecast of 5.6% for the fourth quarter, as a result of rising prices to energy. Romania has not only the highest inflation in the last 10 years but also the highest inflation in the region. In response, the NBR raised the monetary policy rate to 1.75%, and another 0.5% increase is expected by financial markets to reduce inflation.

Against the background of the accelerated increase of inflation, the exchange rate depreciated rapidly and is very close to the quotation of 4.95 eur/ron since October.

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 with June 2021, the spillover between the major capital markets started to grow slightly due to the reduction in uncertainty but also to the exuberance trend on several stock market exchanges that recorded a very fast-growing trend. In October, the spillover reversed its trend and began to decline rapidly as a result of differences in growth rates across capital markets. The downward trend moderated in November.

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.

Source: Refinitiv, ASF calculations

## Liquidity indicators on Romanian Stock Exchanges

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

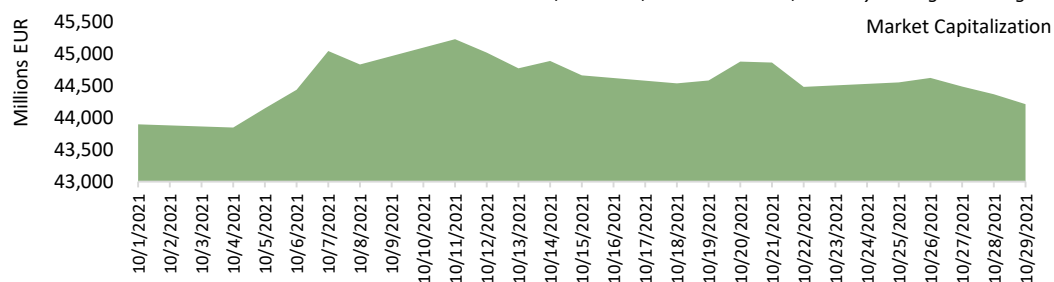
Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 01 October 2021</b>	5,865	55,306,916	10,805,503	4.41%
<b>Total 04-08 October 2021</b>	24,142	134,924,734	50,359,820	20.55%
<b>Total 11-15 October 2021</b>	22,954	176,391,652	51,084,053	20.85%
<b>Total 18-22 October 2021</b>	25,053	180,473,263	59,555,809	24.31%
<b>Total 25-29 October 2021</b>	37,328	227,200,367	73,197,562	29.88%
<b>Total October 2021</b>	<b>115,342</b>	<b>774,296,932</b>	<b>245,002,746</b>	<b>100.00%</b>

Source: BNR, BSE data, ASF calculations; monthly average exchange rate for October 2021 = 4.9481 LEI/EUR

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

Symbol	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	49,112,279	26.43%	11,215,923	77.67%	60,328,202	27.89%
SNP	25,095,680	13.50%	0	0.00%	25,095,680	11.60%
FP	19,370,054	10.42%	0	0.00%	19,370,054	8.95%
TRP	16,090,692	8.66%	1,221,681	8.46%	17,312,373	8.00%
BRD	13,591,032	7.31%	0	0.00%	13,591,032	6.28%
SNG	13,515,961	7.27%	0	0.00%	13,515,961	6.25%
SNN	10,692,588	5.75%	0	0.00%	10,692,588	4.94%
EVER	1,470,713	0.79%	462,099	3.20%	9,208,331	4.26%
M	9,165,003	4.93%	0	0.00%	9,165,003	4.24%
SIF1	523,431	0.28%	0	0.00%	5,321,076	2.46%
SIF4	305,298	0.16%	0	0.00%	4,278,425	1.98%
TTS	3,147,033	1.69%	128,231	0.89%	3,275,264	1.51%
DIGI	3,090,547	1.66%	0	0.00%	3,090,547	1.43%
WINE	2,633,537	1.42%	30,315	0.21%	2,663,852	1.23%
EL	2,508,380	1.35%	0	0.00%	2,508,380	1.16%
<b>Top 15 Total</b>					<b>92.18%</b>	

Source: BNR, BSE data, ASF calculations; monthly average exchange rate for October 2021 = 4.9481 LEI/EUR



Source: BSE data, ASF calculations; monthly average exchange rate for October 2021 = 4.9481 LEI/EUR

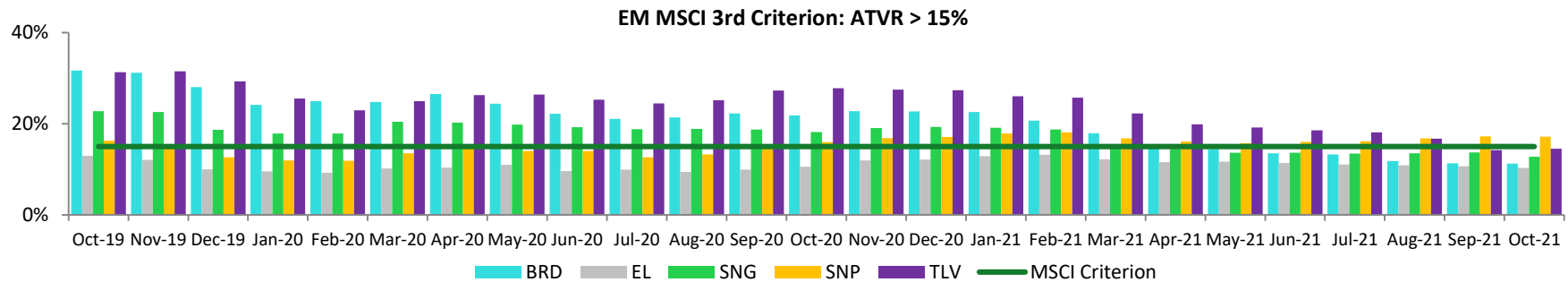
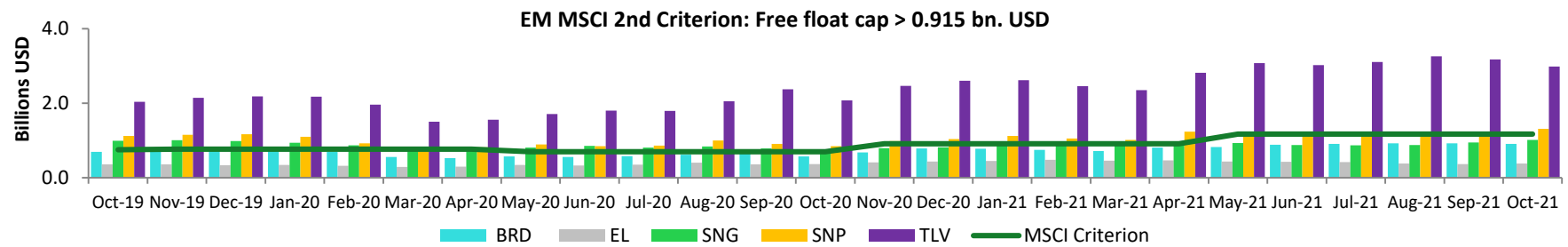
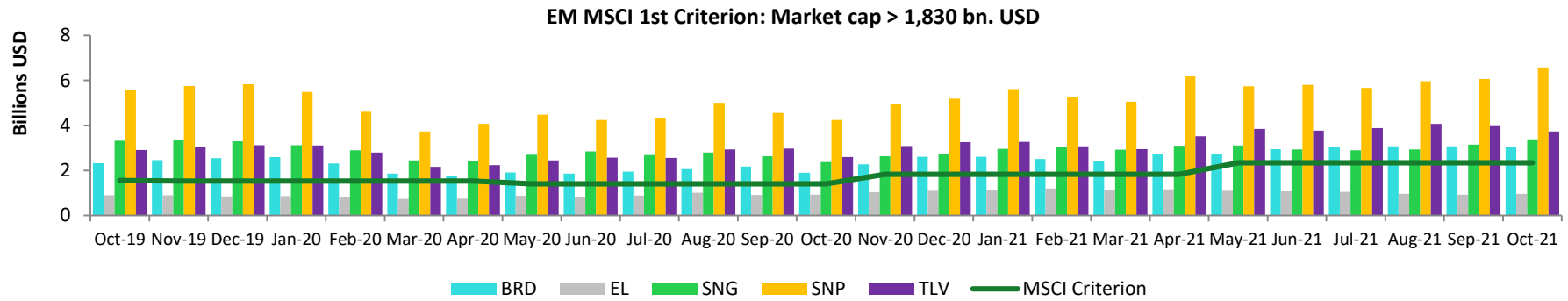
### Top of intermediaries during October 2021

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	BANCA COMERCIALA ROMANA	73,864,782	16.98
2	BT CAPITAL PARTNERS	64,003,617	14.72
3	SWISS CAPITAL S.A.	60,865,170	13.99
4	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	53,375,876	12.27
5	TRADEVILLE	42,699,987	9.82
6	SSIF BRK FINANCIAL GROUP S.A.	42,484,223	9.77
7	IFB FINWEST	20,134,995	4.63
8	RAIFFEISEN CENTROBANK AG	12,205,347	2.81
9	Alpha Bank Romania SA	10,876,849	2.5
10	BRD Groupe Societe Generale	10,051,605	2.31
11	PRIME TRANSACTION	9,796,319	2.25
12	GOLDRING	9,693,326	2.23
13	CONCORDE SECURITIES LTD	8,856,021	2.04
14	ESTINVEST	7,687,122	1.77
15	INTERFINBROK CORPORATION	3,029,917	0.7
<b>Top 15 Total</b>			<b>98.79</b>

**The market capitalization** registered an increase of 42% at the end of October 2021 compared to the end of 2020 and an increase of 21% compared to the end of 2019.

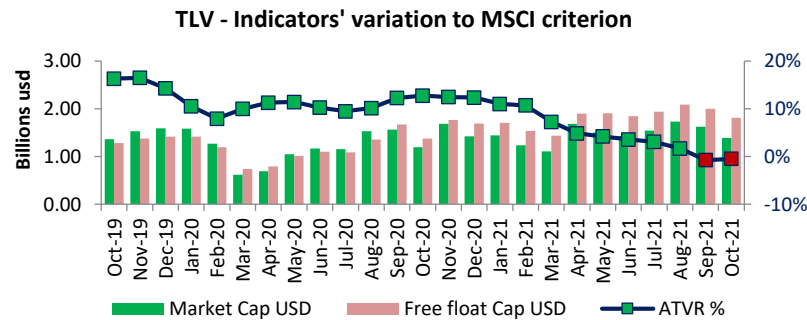
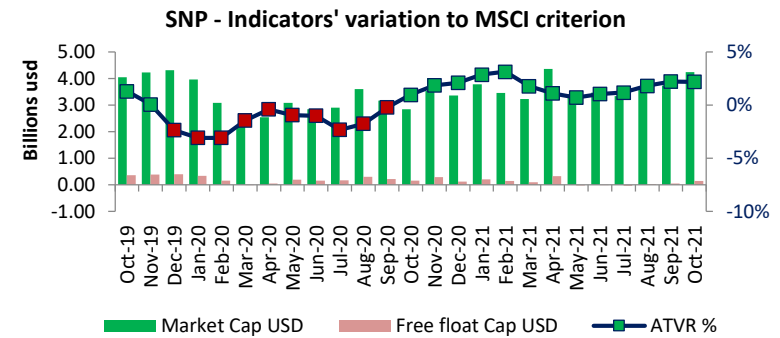
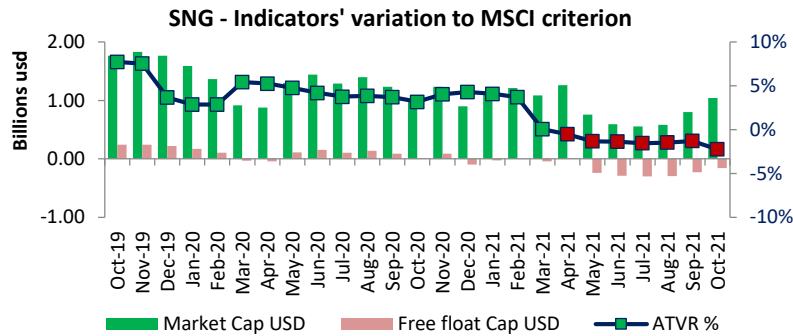
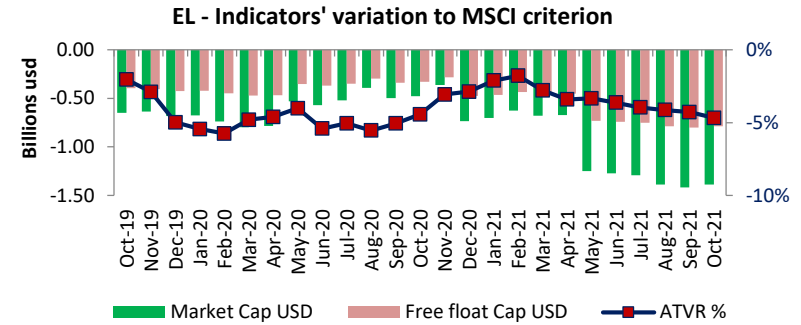
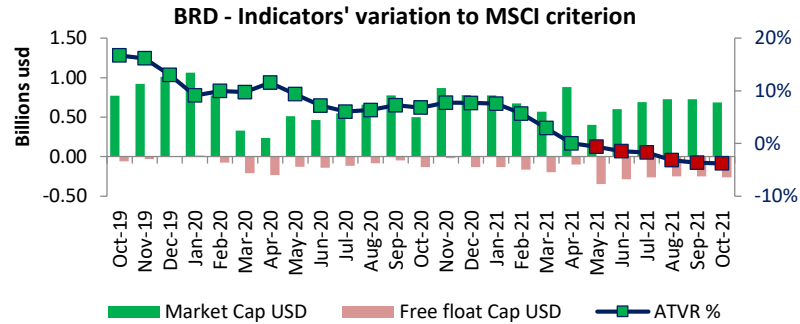
In October 2021, the first 3 companies traded on BVB were Banca Transilvania SA (TLV) with a share of 27.89% of the total value traded in that period, OMV Petrom SA (SNP: 11.60%) and Fondul Proprietatea (FP: 8.95%)

# MSCI: Quantitative Indicators for Emerging Market Status



Source: ASF Calculations, October 2021

# MSCI: Quantitative Indicators for Emerging Market Status



Indicators' variation to MSCI criterion (October 2021)

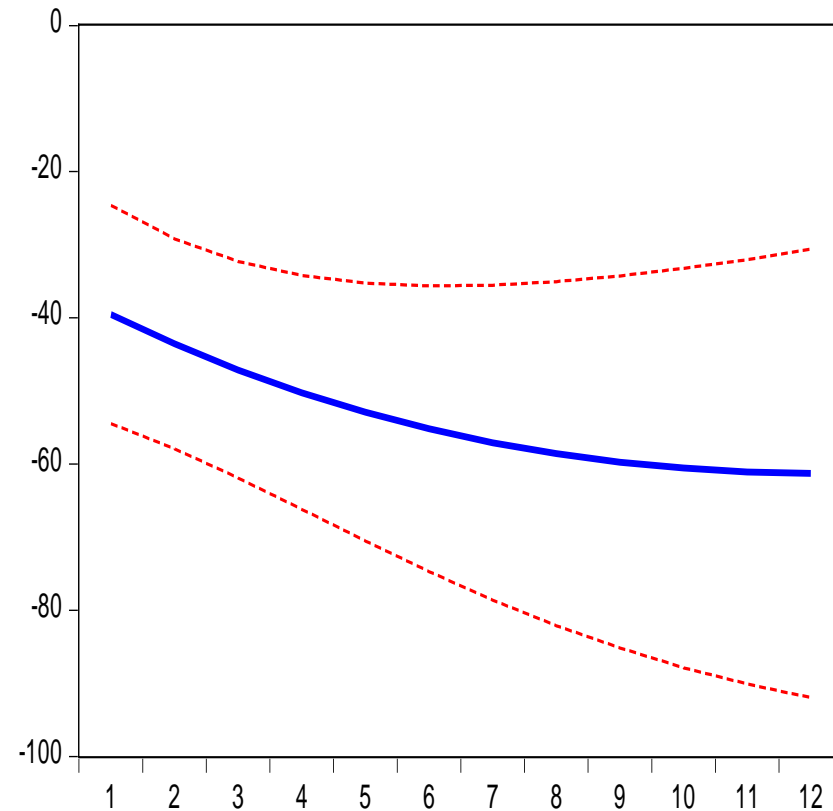
Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.69	-0.26	-3.77%
EL	-1.39	-0.79	-4.68%
SNG	1.04	-0.16	-2.24%
SNP	4.23	0.14	2.19%
TLV	1.39	1.81	-0.49%

Source: ASF Calculations, October 2021

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.

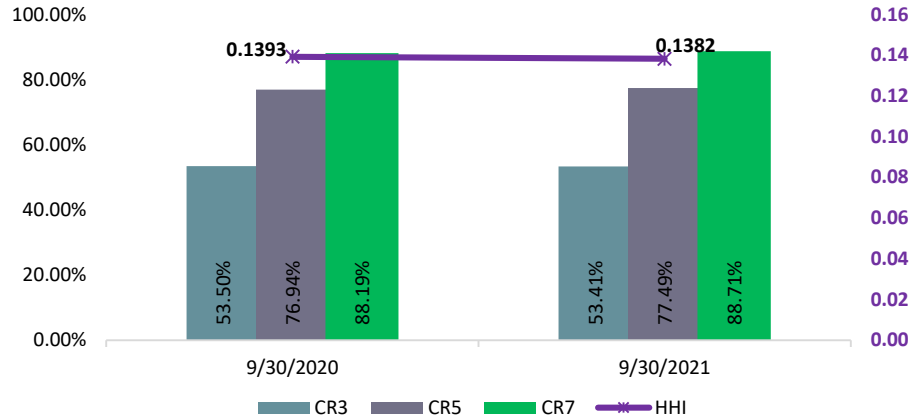
Response of Romanian capital market to CISS shock using Structural VAR Factors



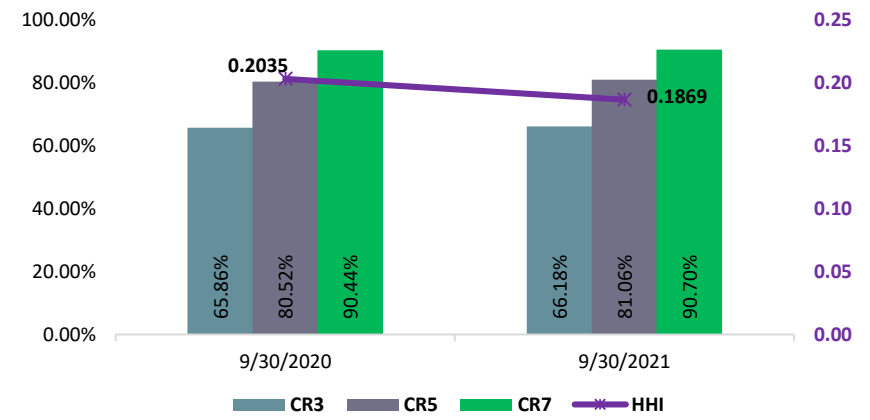
Source: ASF own calculations

## Concentration risk

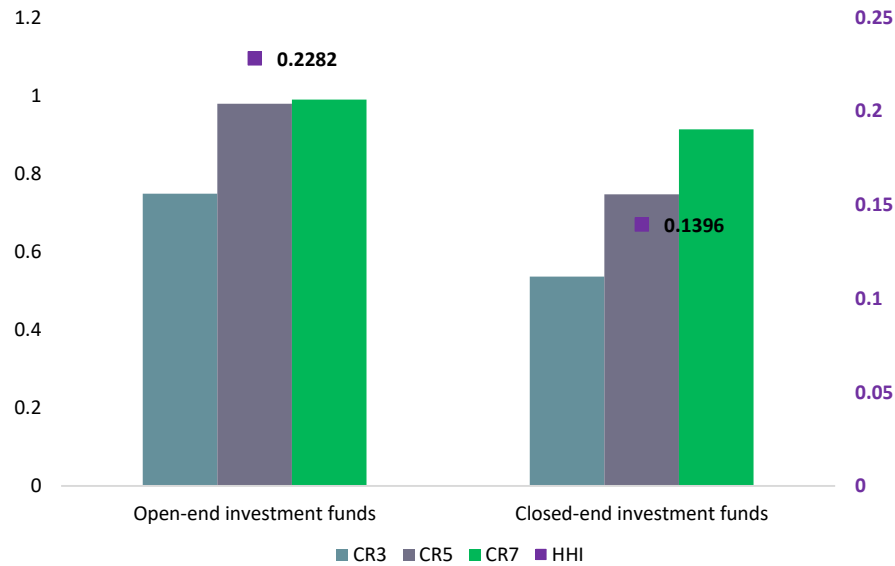
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 30 September 2021)**



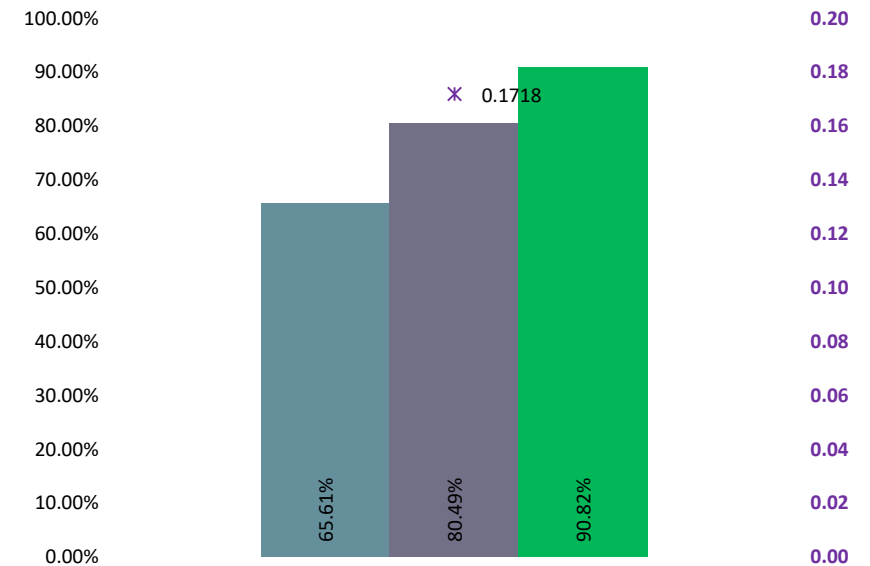
**Concentration risk of life insurance undertakings  
(by value of GWP at 30 September 2021)**



**Concentration risk of investment funds in Romania  
(by net assets – 30 June 2021)**



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



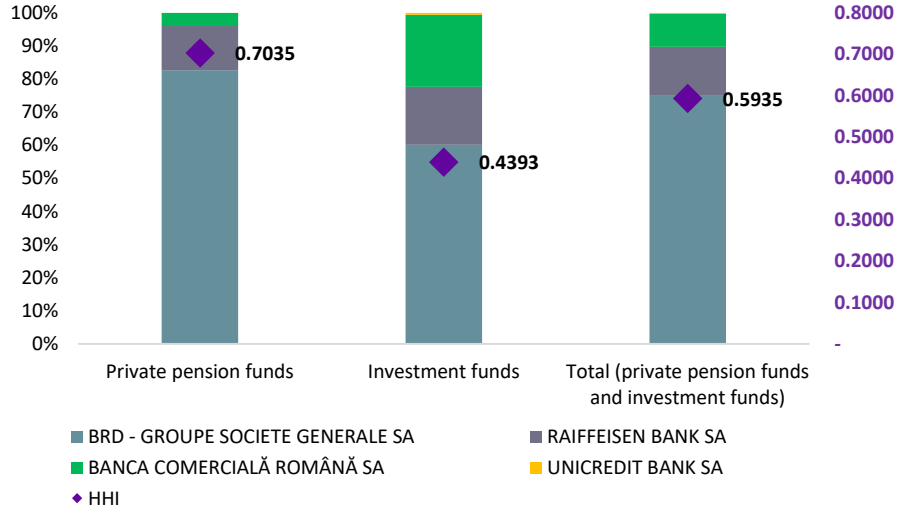
Source: ASF

Source: ASF

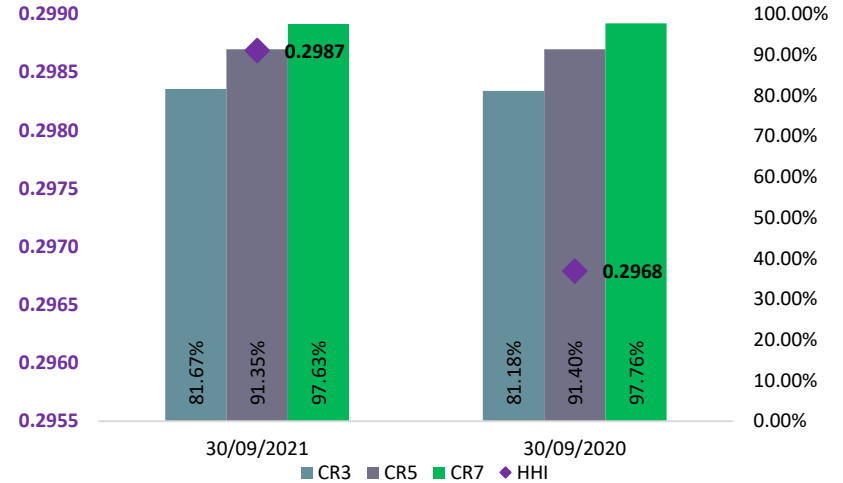


## Concentration risk

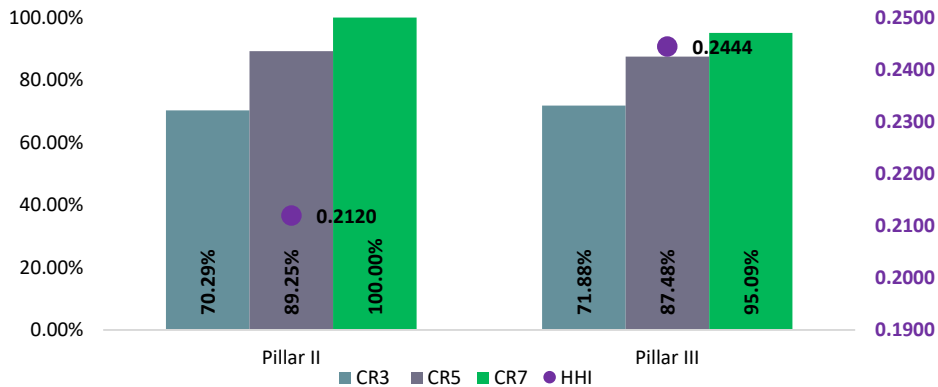
**Concentration risk of depositaries of private pension funds and investment funds (by total assets at 6/30/2021)**



**The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 9/30/2021)**



**Concentration risk of private pension funds (by total assets at 10/29/2021)**



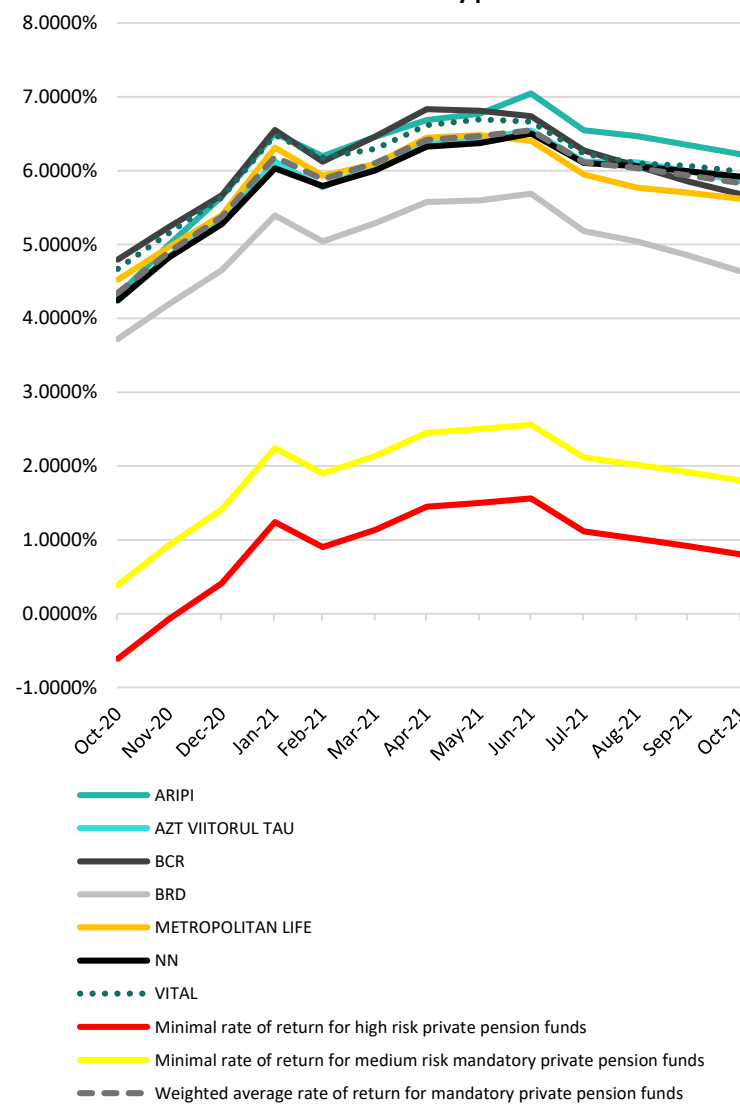
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar III),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

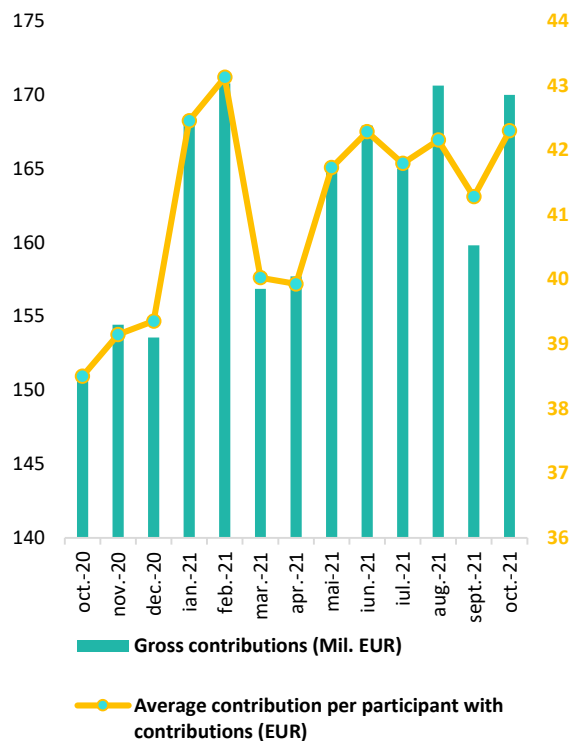
Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 31 October 2021 (EUR)	Participants (persons) October 2021	Rate of return October 2021
ARIPI*	1,574,063,407	805,919	6.22%
AZT VIITORUL TAU	3,770,538,630	1,626,698	5.85%
BCR	1,196,689,705	709,109	5.68%
BRD	691,967,210	494,602	4.63%
METROPOLITAN LIFE	2,427,505,934	1,081,825	5.62%
NN	6,153,960,883	2,053,517	5.92%
VITAL	1,759,153,122	971,798	5.99%
<b>Total</b>	<b>17,573,878,892</b>	<b>7,743,468</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

12,028 persons

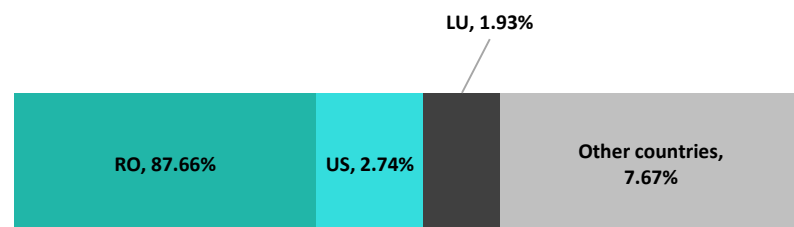
Source: ASF

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

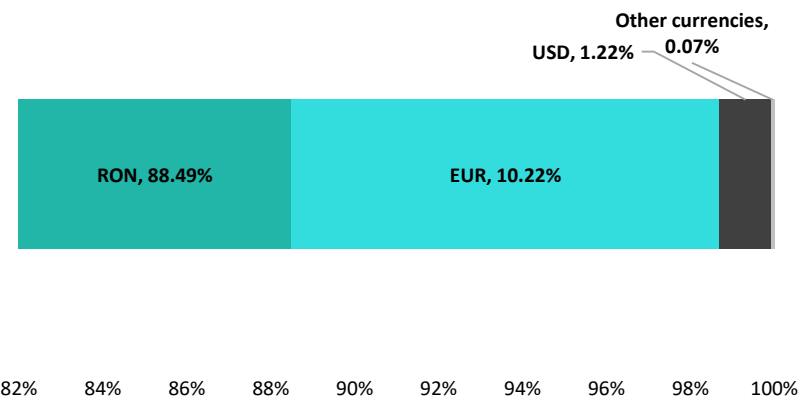
Mandatory pension fund's portfolio at 31 October 2021 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,649,965,406	60.60%
Equity	4,410,554,052	25.10%
Corporate bonds	1,160,371,848	6.60%
Investment funds	599,971,542	3.41%
Bank deposits	358,674,626	2.04%
Supranational bonds	355,063,186	2.02%
Municipal bonds	36,740,471	0.21%
Commodities and precious metals funds	22,955,899	0.13%
Derivatives	(231,171)	-0.001%
Other assets	(20,186,968)	-0.11%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



Source: ASF

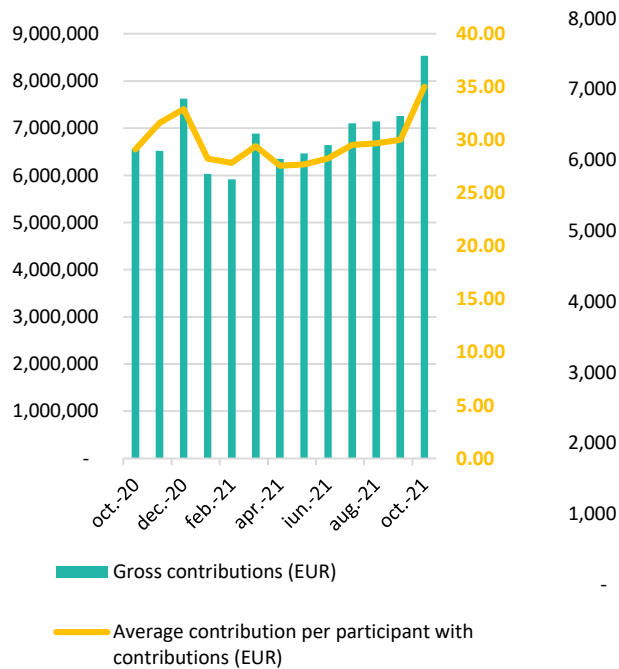
The value of the total assets of the privately managed pension funds reached EUR 17.57 billion at the end of October 2021, registering an annual rate of growth of 24%, in terms of RON. At the end of October 2021, the privately managed pension funds' investments were generally made locally, in a percentage 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)

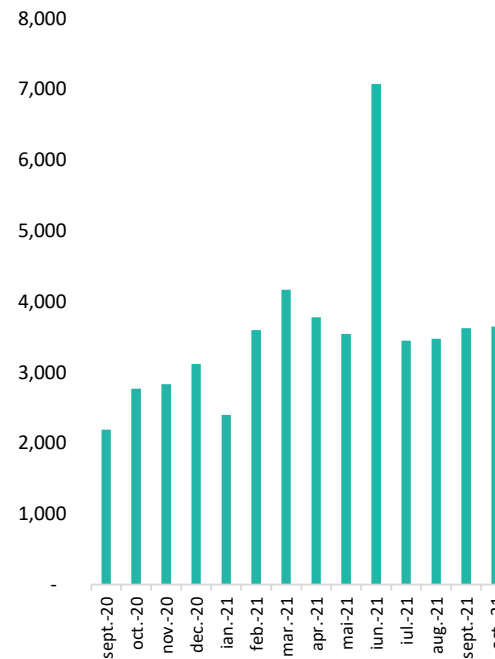
**Total assets (EUR), number of participants and return rates**

Voluntary pension fund	Total assets (EUR), 31 October 2021	Participants (persons) October 2021	Rate of return October 2021
AEGON ESENTIAL	2,187,793	3,928	5.6847%
AZT MODERATO	69,649,106	45,032	6.0598%
AZT VIVACE	26,017,551	20,619	7.8127%
BCR PLUS	115,538,112	140,388	4.5952%
BRD MEDIO	35,067,131	35,588	3.2215%
GENERALI STABIL	6,603,943	5,509	6.1561%
NN ACTIV	79,988,389	58,353	6.9056%
NN OPTIM	287,126,787	208,110	5.0955%
PENSIA MEA	24,146,773	20,783	5.2742%
RAIFFEISEN ACUMULARE	25,135,533	15,465	5.8432%
<b>Total</b>	<b>671,461,118</b>	<b>553,775</b>	<b>n/a</b>

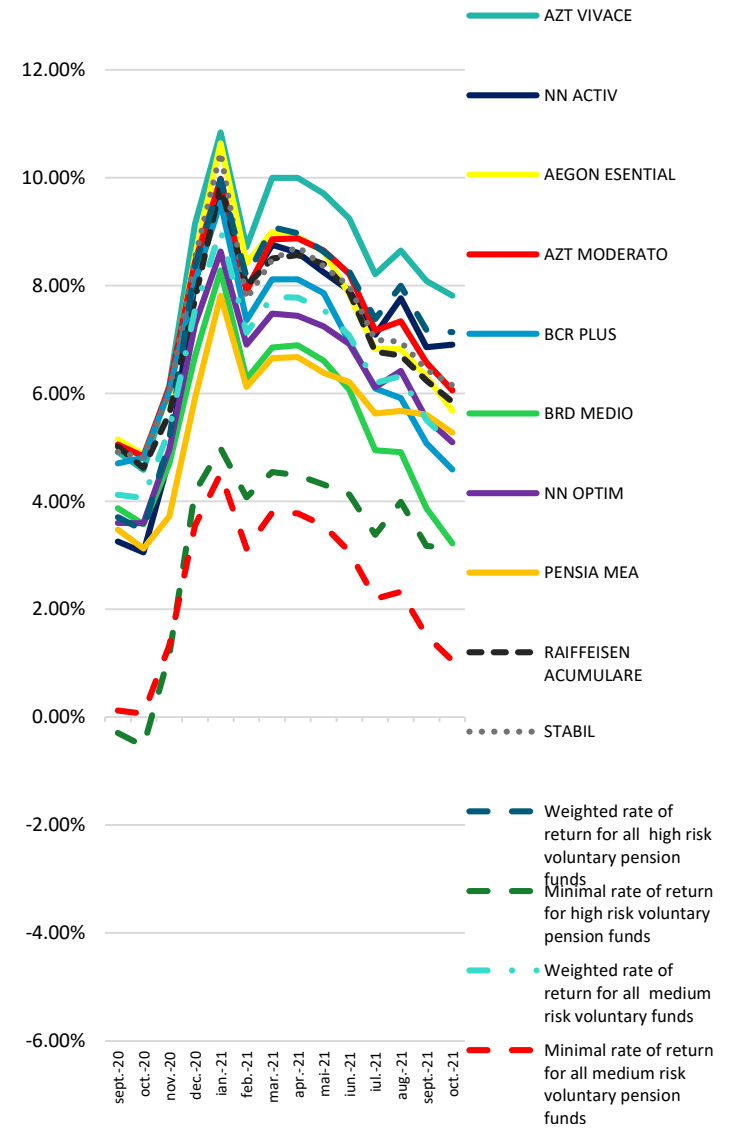
**Evolution of gross contributions**



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



**Rate of return for voluntary pension funds**



Source: ASF

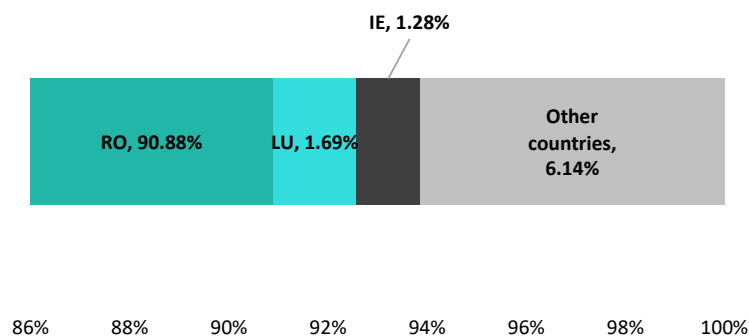
## Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	407,877,290	60.74%
Equity	189,197,191	28.18%
Corporate Bonds	24,082,944	3.59%
Investment Funds	17,198,772	2.56%
Bank Deposits	14,825,978	2.21%
Supranational Bonds	13,102,521	1.95%
Municipal Bonds	4,585,253	0.68%
Metal funds	1,519,533	0.23%
Derivatives	7,959	0.00%
Oher assets	(936,324)	-0.139%

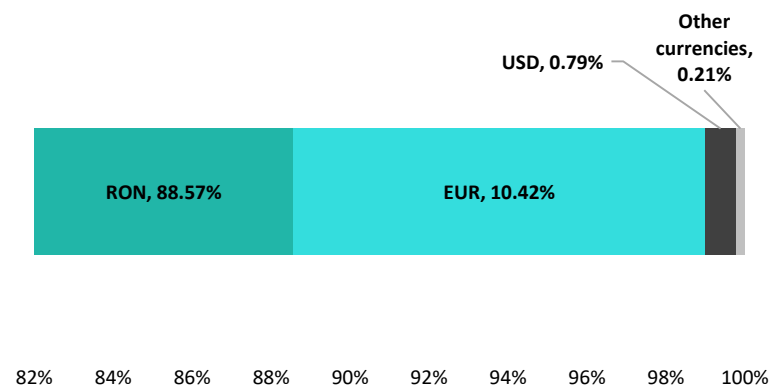
Source: ASF

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



Source: ASF

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

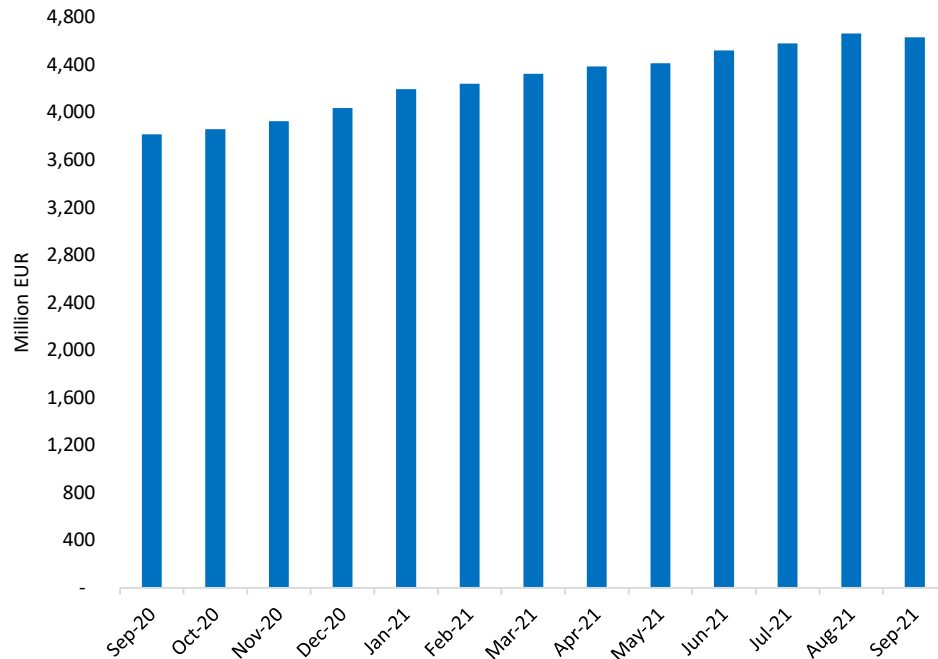


Source: ASF

The value of the total assets of the voluntary pension funds, at the end of October 2021, was EUR 671 million, registering an annual rate of growth of 21%, in terms of RON. At the end of October 2021, the voluntary pension funds' investments were generally made locally, in a percentage of 91%, a large majority being denominated in lei.

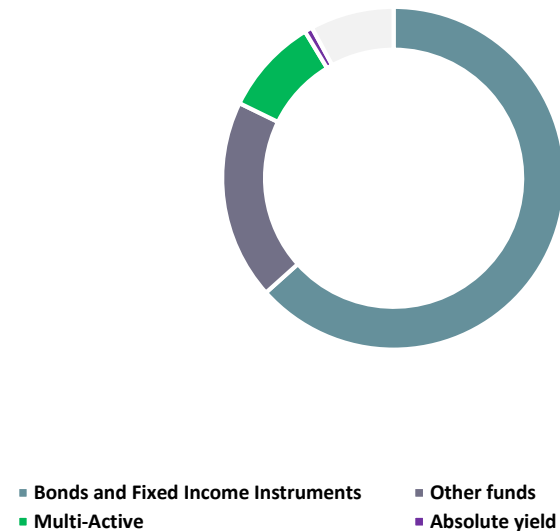
## Specific developments in the investment funds sector

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



Source: AAF

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



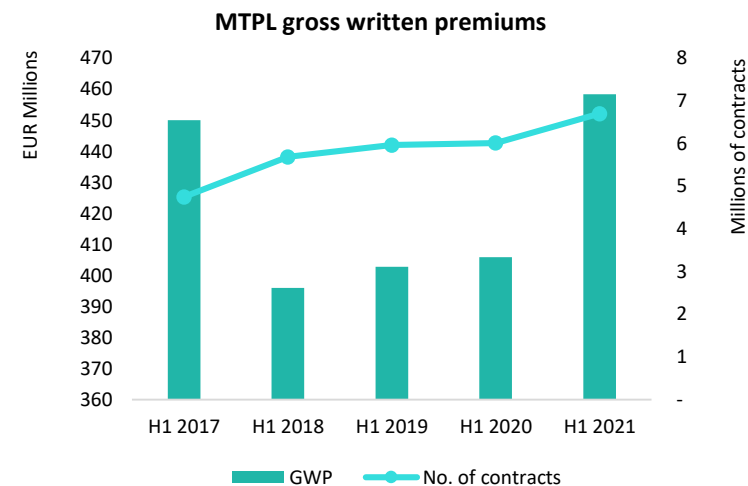
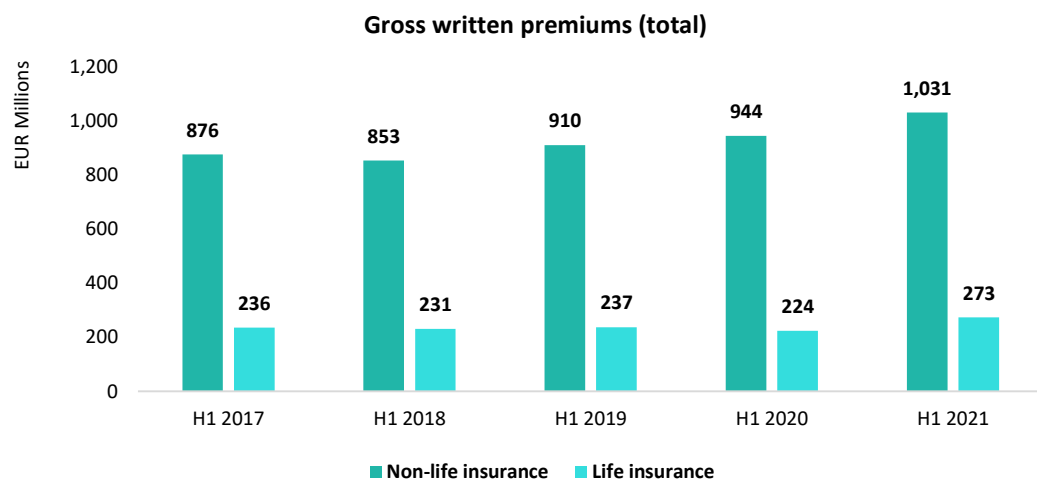
According to data published by AAF, net assets of open-end investment funds (OeIF) reached a value of EUR 4.63 billion in September 2021, slightly decreasing compared to the previous month. At the end of September 2021, net assets of local open-ended bond and fixed income funds decreased, while net assets of equity and multi-asset open-end funds registered the largest increases compared to the previous month.

In September 2021, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 63%<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

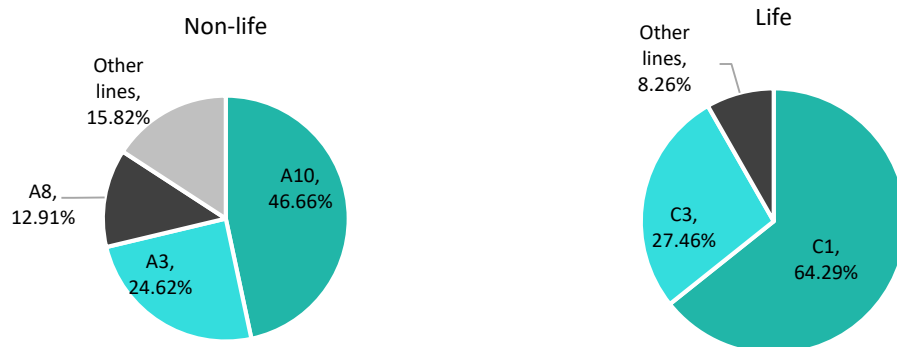
## Specific developments in the insurance market in Romania

### Evolution of the insurance market (30th of June 2020)

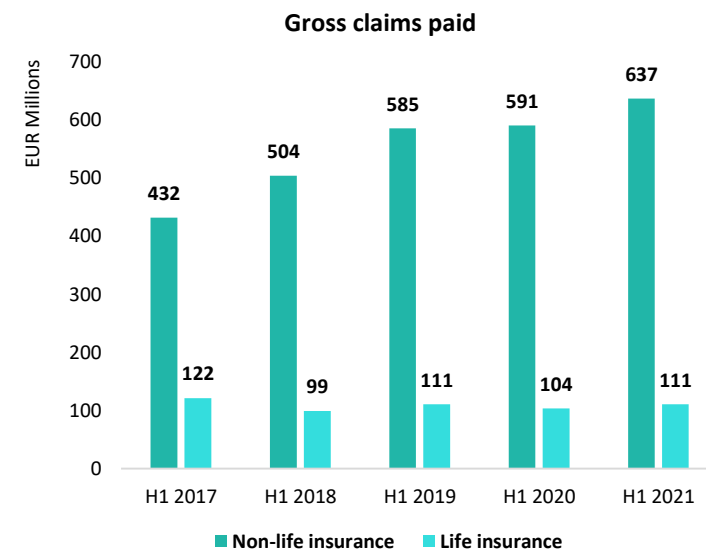


Source: ASF

### Share of main insurance classes by GWP

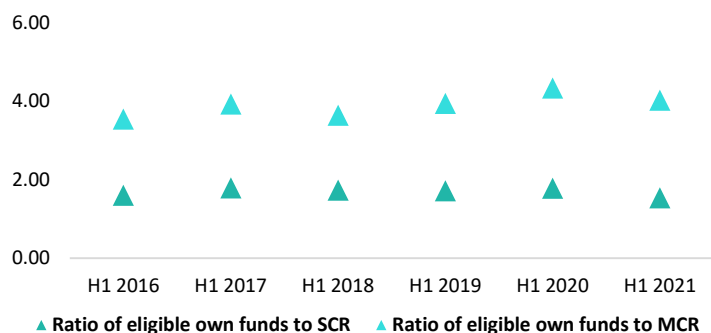


Source: ASF

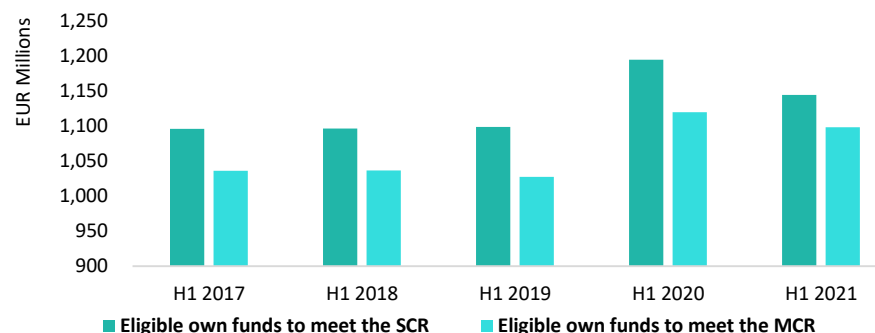


## Specific developments in the insurance market in Romania

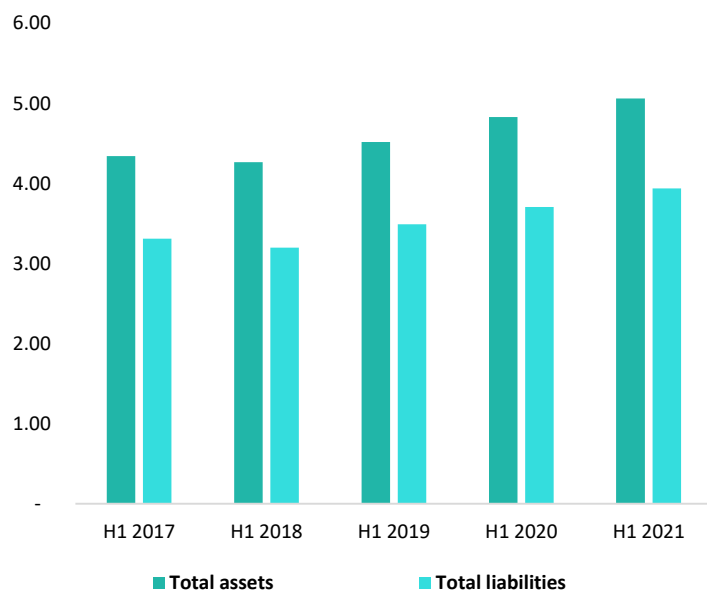
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



Total assets and total liabilities



Source: ASF, provisional data

At the end of the first semester 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.

The Romanian Financial Supervisory Authority hereby informs that, given that no documentary evidence has been made of the way in which the Insurance-Reinsurance Company City Insurance S.A. will permanently hold eligible own funds to cover the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR), as well as the lack of eligible basic own funds to cover the absolute MCR threshold, the calculated SCR value and the calculated MCR value, in accordance with the provisions of art. 21 para. (1) letter d) and letter e), art. 67 para. (1) letter a), art. 72 para. (1) and art. 95 para. (1) of Law no. 237/2015, with as subsequently amended and supplemented, given the non-existence of the payment to the share capital, following the analysis of the manner of fulfilling the measures ordered by the A.S.F. Decision no. 714/2021, respectively A.S.F. Decision no. 724/2021, it resulted that the Short-Term Financing Plan and the Recovery Plan are clearly inadequate and do not ensure the restoration of the company's financial situation and, on the one hand, the company's solvency is constantly deteriorating and, on the other hand, the company is clearly insolvent.

Therefore, for the protection of policyholders, the Board of Directors of A.S.F. decided as follows withdrawal of the operating license of the Insurance-Reinsurance Company City Insurance S.A., in accordance with the provisions of art. 110 of Law no. 237/2015, establishment of the insolvency of the Insurance-Reinsurance Company City Insurance S.A., as defined by art. 5 para. (1) point 31 letter a) and letter b) of Law no. 85/2014 on insolvency and insolvency prevention procedures, as subsequently amended and supplemented and the promotion by the Financial Supervisory Authority of the application on the opening of the bankruptcy procedure against the company, according to the provisions of art. 249 of the mentioned law.



## Press releases and publications of European and international financial institutions in October 2021

<p><b>ESAs</b></p>	<ul style="list-style-type: none"> <li>• 18 October: <a href="#">ESAs publish sectoral reports on the supervisory independence of competent authorities.</a></li> <li>• 21 October: <a href="#">ESAs invite stakeholders' input on PRIIPs review.</a></li> <li>• 22 October: <a href="#">ESAs propose new rules for taxonomy-related product disclosures.</a></li> </ul>
<p><b>ESMA</b></p>	<ul style="list-style-type: none"> <li>• 1 October: <a href="#">ESMA seeks stakeholder input on shaping advice on retail investor protection.</a></li> <li>• 28 October: <a href="#">ESMA addresses investment recommendations made on social media platforms.</a></li> </ul>
<p><b>EIOPA</b></p>	<ul style="list-style-type: none"> <li>• 7 October: <a href="#">EIOPA presents two Opinions on the supervisory reporting of costs and charges by IORPs and the risk assessment of IORPs that provide defined contribution schemes.</a></li> <li>• 8 October: <a href="#">EIOPA examines further aspects of insurers' failures and near misses.</a></li> </ul>
<p><b>FSB</b></p>	<ul style="list-style-type: none"> <li>• 11 October: <a href="#">FSB issues policy proposals to enhance money market fund resilience.</a></li> <li>• 14 October: <a href="#">FSB publishes 2021 Status Report on climate-related financial disclosures.</a></li> <li>• 19 October: <a href="#">FSB presents a Report on cyber incident reporting convergence.</a></li> </ul>
<p><b>IMF</b></p>	<ul style="list-style-type: none"> <li>• October: IMF updates the <a href="#">World Economic Outlook</a>, the <a href="#">Global Financial Stability Report</a> and the <a href="#">Fiscal Monitor</a>.</li> </ul>