



Romania Credit Default Swaps quotations decreased by 11%, reaching 283 bp at the end of August as compared to the end of July 2022 (317 bp).

MONTHLY MARKET REPORT

- At the end of August 2022, the EUR/RON exchange rate decreased by 1.8% compared to the end of 2021.
- The value of the total assets of the privately managed pension funds reached EUR 18.85 billion at the end of August 2022, registering an annual rate of growth of 8%, in terms of EUR.

World Macroeconomic Outlook

According to the Summer 2022 Economic Forecast, the European Commission expects the euro area economy to grow by 2.6%, a downward revision (-0.1 pp) from the previous forecast, and the EU economy to grow by 2.7% in 2022. According to the European Commission, Romania's gross domestic product will grow by 3.9% in 2022, an upward revision compared to the Spring Economic Forecast (2.6%).

According to data published by Eurostat, in the second quarter of 2022, **seasonally adjusted GDP** increased by 0.8% in the euro area and by 0.7% in the EU compared to the previous quarter. Compared to the same period of the previous year, seasonally adjusted GDP increased by 4.1% in the euro area and by 4.2% in the EU in the second quarter of 2022.

According to the data published by NIS, **the gross domestic product** increased by 2.1% in **Romania** in the second quarter of 2022 compared to the previous quarter. Compared to the similar period of the previous year, in the second quarter of 2022, Romania's gross domestic product increased by 5.3% on both the gross and seasonally adjusted series.

The National Commission for Strategy and Prognosis (NCSP) revised upward the economic forecast regarding Romania's GDP growth rate for 2022 at 3.5% (from 2.9% according to the NCSP spring 2022 forecast).

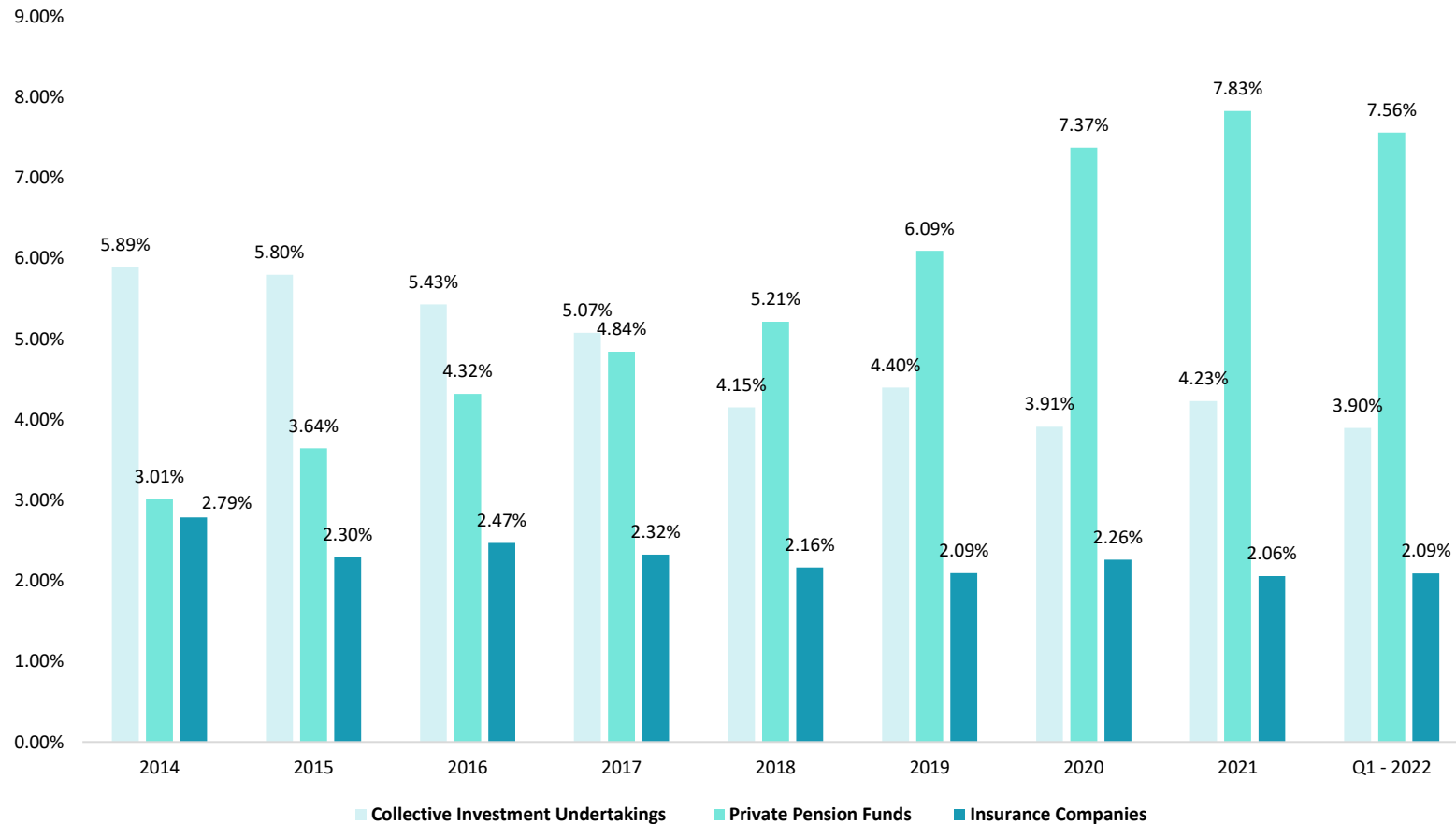
Evolution of GDP (%) and GDP forecast (%)

Country	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	European Commission		IMF	
									2022f	2023f	2022f	2023f
									Euro area	-6.1	-0.8	14.4
Germany	-3.7	-2.2	10.2	1.8	1.2	2.6	3.5	1.7	1.4	1.3	2.1	2.7
Bulgaria	-4.4	-1.5	7.3	5.3	5.0	4.2	4.2	4.0	2.8	2.3	3.2	4.5
Hungary	-4.5	-1.4	17.6	6.5	7.1	7.1	8.0	6.5	5.2	2.1	3.7	3.6
Poland	-2.2	-1.1	11.0	6.1	8.0	5.9	9.2	4.7	5.2	1.5	3.7	2.9
Romania	-3.7	-0.1	15.4	6.9	2.4	5.9	6.4	5.3	3.9	2.9	2.2	3.4

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Summer 2022 Economic Forecast, World Economic Outlook – April 2022, IMF.

World Macroeconomic Outlook

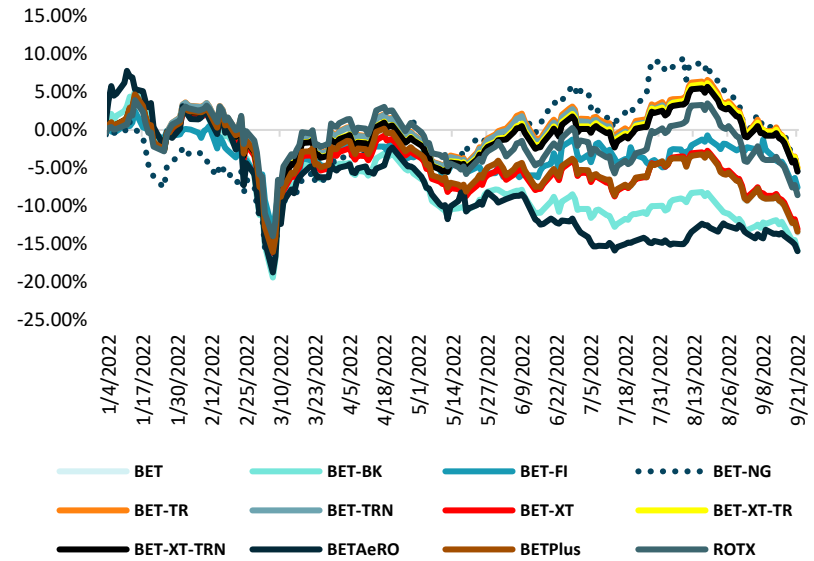
Evolution of nonbanking system's assets (% of GDP)



Source: NBR, NIS, ASF

Current trends and headlights on Romanian markets

Evolution of local stock indices

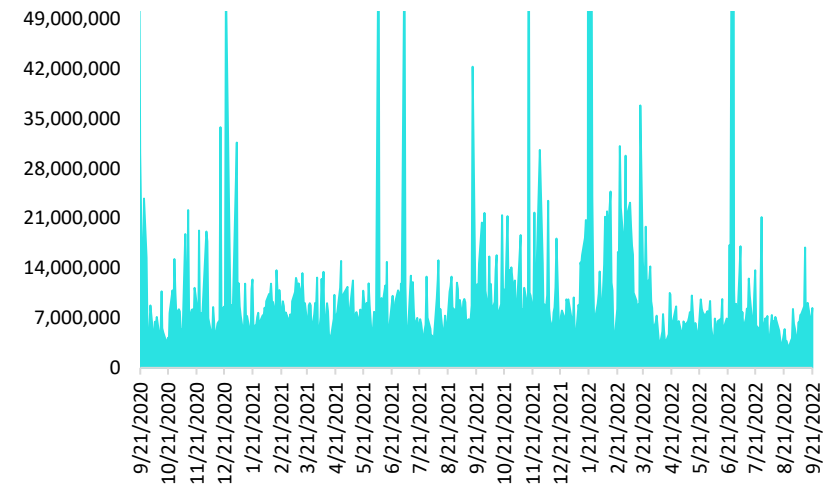


Romanian stock indices evolution in 2022 (30.12.2021 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR	BET-TRN
09/21/2022	-13.54%	-15.86%	-7.54%	-5.02%	-5.00%	-5.48%

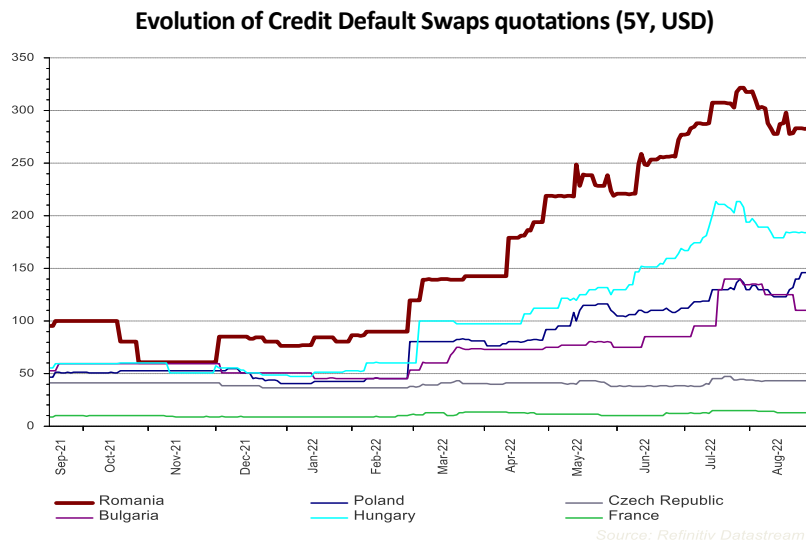
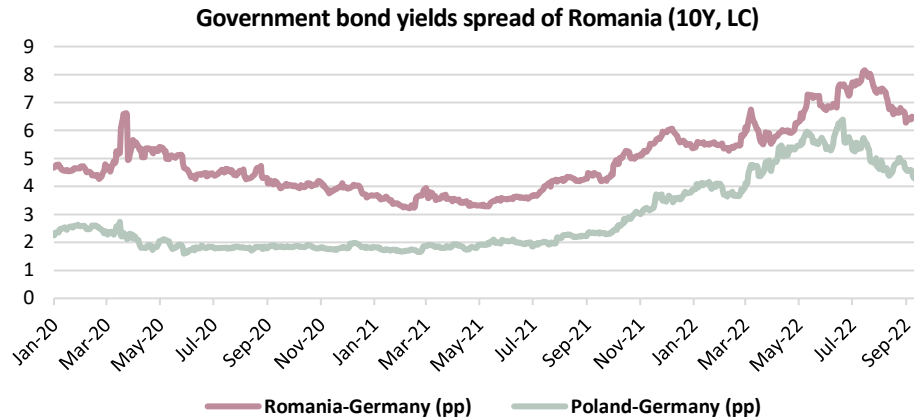
Data	BET-XT	BET-XT-TR	BET-XT-TRN	BETAeRO	BETPlus	ROTX
09/21/2022	-13.03%	-5.03%	-5.47%	-15.94%	-13.38%	-8.56%

Equities traded value on BSE (EUR)



Source: BSE; ASF calculations

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



Source: Refinitiv

Romania 5 - year bond yields decreased, reaching 7.84% at the end of August, down by 5% compared to the end of July (8.21%), while Germany 5 – year bond yields increased to 1.36% at the end of month.

Romania Credit Default Swaps quotations decreased by 11%, reaching 283 bp at the end of August as compared to the end of July 2022 (317 bp).

The spread between Romanian and German government bonds (10Y) decreased in August-September 2022 and is positioned at a lower level compared to the highs recorded in July 2022.

This decrease can be interpreted as a recovery of investors' confidence in Romania's country rating.

Market risk: evolution of local and international stock indices at the end of August 2022

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-5.07%	-7.96%	-10.85%
FR (CAC 40)	-5.02%	-5.31%	-8.02%
DE (DAX)	-4.81%	-10.80%	-11.24%
IT (FTSE MIB)	-3.78%	-12.02%	-15.17%
GR (ASE)	0.62%	-3.86%	-3.95%
IE (ISEQ)	2.48%	-4.55%	-11.23%
ES (IBEX)	-3.31%	-10.91%	-6.99%
UK (FTSE 100)	-1.88%	-4.25%	-2.33%
US (DJIA)	-4.06%	-4.49%	-7.03%
IN (NIFTY 50)	3.50%	7.08%	5.75%
SHG (SSEA)	-1.57%	0.50%	-7.53%
JPN (N225)	1.04%	2.98%	5.90%

BSE indices	1 M	3 M	6 M
BET	-3.23%	-3.61%	-5.18%
BET-BK	-2.43%	-4.72%	-6.66%
BET-FI	1.78%	2.55%	3.59%
BET-NG	-6.60%	2.24%	9.71%
BET-TR	-1.67%	1.58%	3.49%
BET-TRN	-1.75%	1.30%	3.01%
BET-XT	-2.90%	-2.33%	-4.10%
BET-XT-TR	-1.37%	2.37%	4.18%
BET-XT-TRN	-1.45%	2.12%	3.73%
BETAeRO	2.11%	-3.57%	-7.41%
BETPlus	-3.18%	-3.77%	-5.05%
ROTX	-1.82%	-0.69%	-0.88%

Source: Refinitiv, ASF calculations

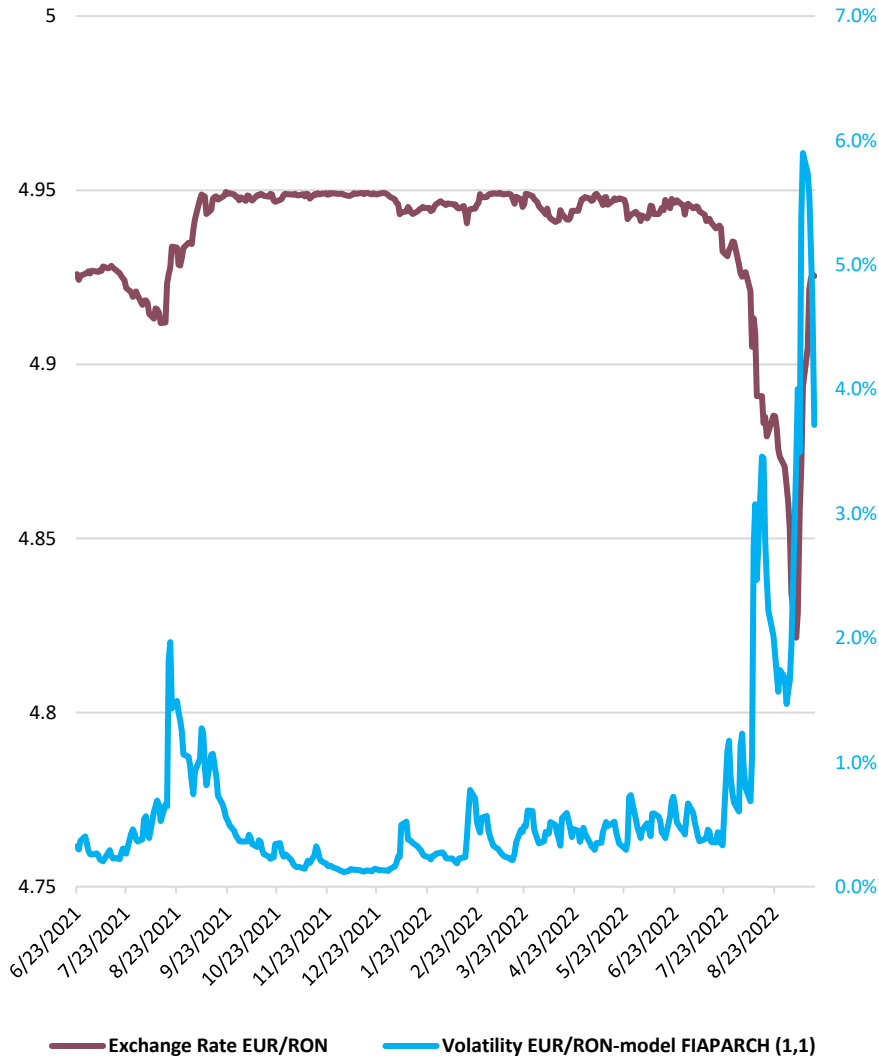
Note: 1M=08/31/2022 vs. 07/29/2022; 3M=08/31/2022 vs. 05/31/2022; 6M=08/31/2022 vs. 02/28/2022

The European indices have recorded mixed developments (1M). The most significant increase was recorded by ISEQ index (IE: +2.48%), while the most significant decrease was registered by EUROSTOXX index (EA: -5,07%).

The main American and Asian indices showed mixed developments. Therefore, the most significant increase was registered by NIFTY 50 index (IN: +3.50%), while the most significant decrease was registered by DJIA index (US: -4,06%).

The BSE stock indices have recorded mixed developments (1M). Therefore, the most important increase was registered by the BETAeRO index (+2.11%), while the most significant decrease was observed at BET-NG index (-6.60%). BET-NG is a sectoral index that reflects the performance of companies listed on the regulated market of the BVB whose main activity is energy and related utilities, while BETAeRO reflects the evolution of representative companies on the AeRO market.

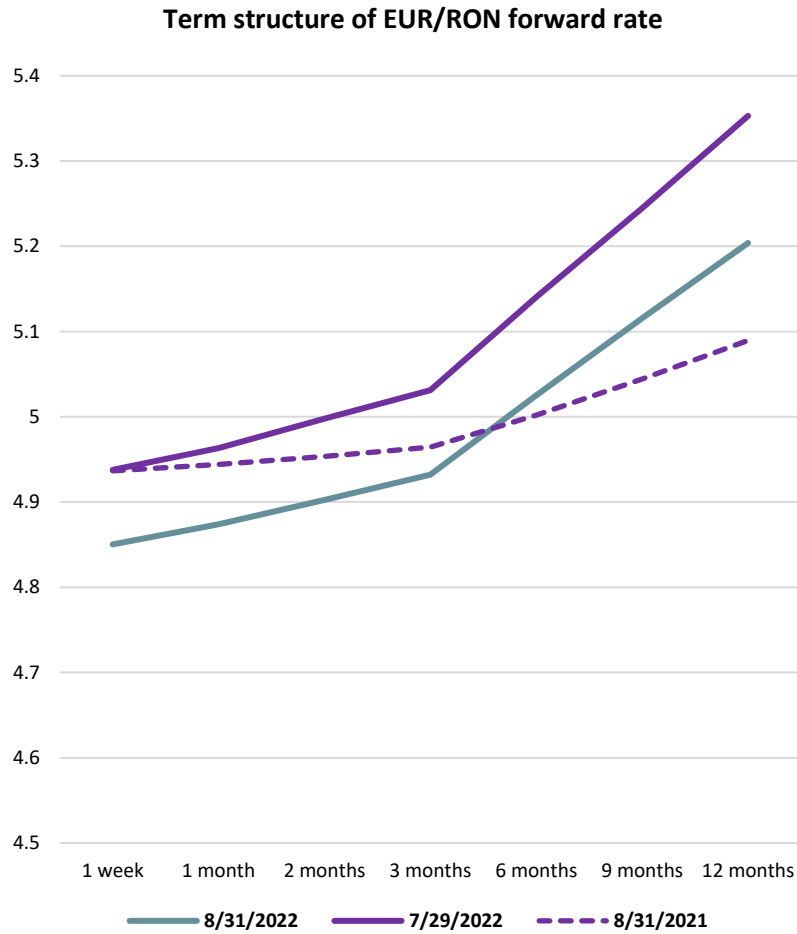
Market Risk: exchange rate volatility



At the end of August 2022, the EUR/RON exchange rate decreased by 1.8% compared to the end of 2021.

Against the background of the accelerated increase in inflation, the national currency registered in the first part of September 2022 a depreciation trend in relation to the euro, the exchange rate rising above 4.92.

Market Risk: exchange rate volatility



Source: Refinitiv, ASF calculations

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).

Market Risk: Spillover Index



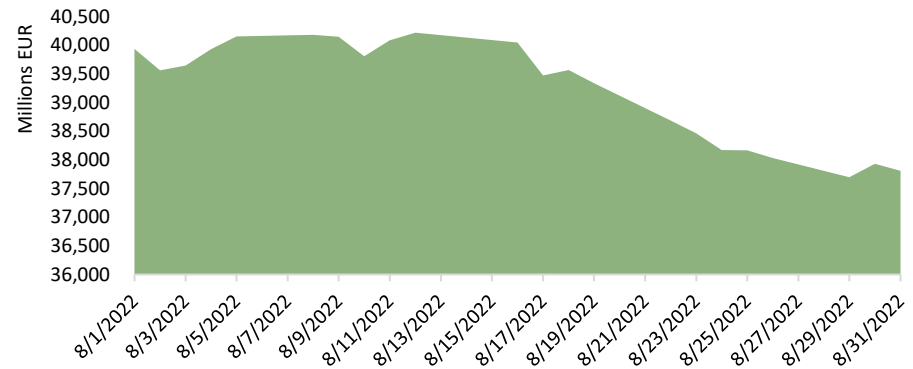
Source: Refinitiv, ASF model

The contagion analysis reveals that the Romanian capital market is sensitive to the risk factors influencing neighboring capital markets (Poland, Austria and Hungary). Contagion (IMF) is defined as the impact of changes in the price of assets in one region (stock exchange) on prices in another region (stock exchange). Contagion increases when stock market movements have the same tendency, whether it is growth or decline. The rapid rise or fall in prices can easily be transmitted through contagion to capital markets.

In August-September 2022, the contagion continues to be on a downward trend.

Liquidity indicators on Romanian Stock Exchanges

Market capitalization



The market capitalization registered a decrease of 19% at the end of August 2022 compared to the end of 2021 and an increase of 20% compared to the end of 2020.

In August 2022, the first 3 companies traded on BVB were Fondul Proprietatea with a share of 21.24% of the total value traded in that period, Banca Transilvania SA (TLV: 20.48%) and OMV Petrom SA (SNP: 19.95%).

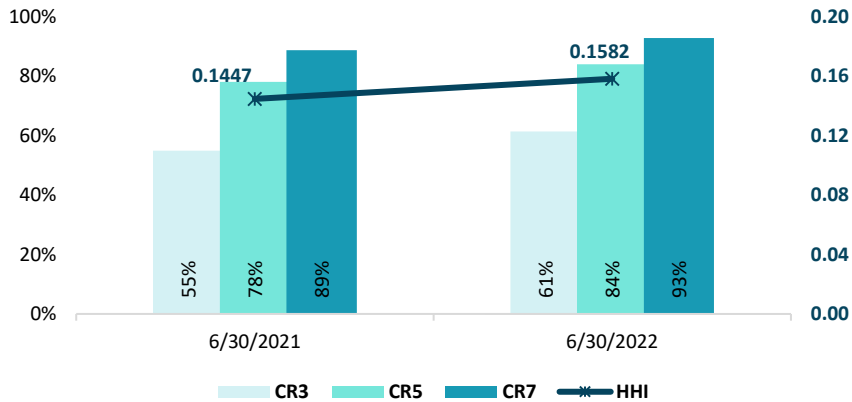
The BSE's Most Traded Companies during August 2022 (Only the Main Segment)

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
FP	21,950,184	21.75%	0	0.00%	21,950,184	21.24%
TLV	20,371,431	20.18%	788,987	77.67%	21,160,418	20.48%
SNP	20,612,074	20.42%	0	0.00%	20,612,074	19.95%
SNG	7,141,664	7.08%	0	0.00%	7,141,664	6.91%
BRD	5,717,387	5.66%	0	0.00%	5,717,387	5.53%
SNN	4,913,891	4.87%	0	0.00%	4,913,891	4.76%
EBS	3,287,256	3.26%	0	0.00%	3,287,256	3.18%
PREB	798,467	0.79%	0	0.00%	2,175,675	2.11%
WINE	1,546,949	1.53%	0	0.00%	1,546,949	1.50%
EVER	1,482,389	1.47%	0	0.00%	1,482,389	1.43%
TGN	1,357,626	1.34%	0	0.00%	1,357,626	1.31%
TRP	1,343,969	1.33%	0	0.00%	1,343,969	1.30%
EL	1,243,004	1.23%	0	0.00%	1,243,004	1.20%
M	1,142,241	1.13%	0	0.00%	1,142,241	1.11%
COTE	1,059,723	1.05%	0	0.00%	1,059,723	1.03%
Top 15 Total						93.03%

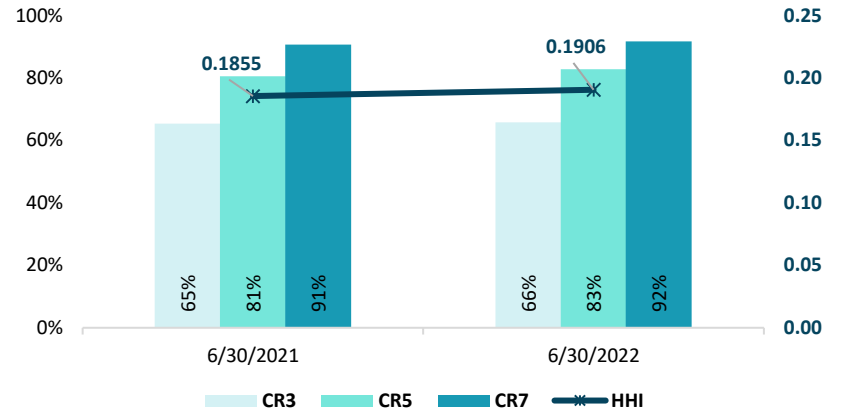
Source: NBR, BSE data, ASF calculations

Concentration risk

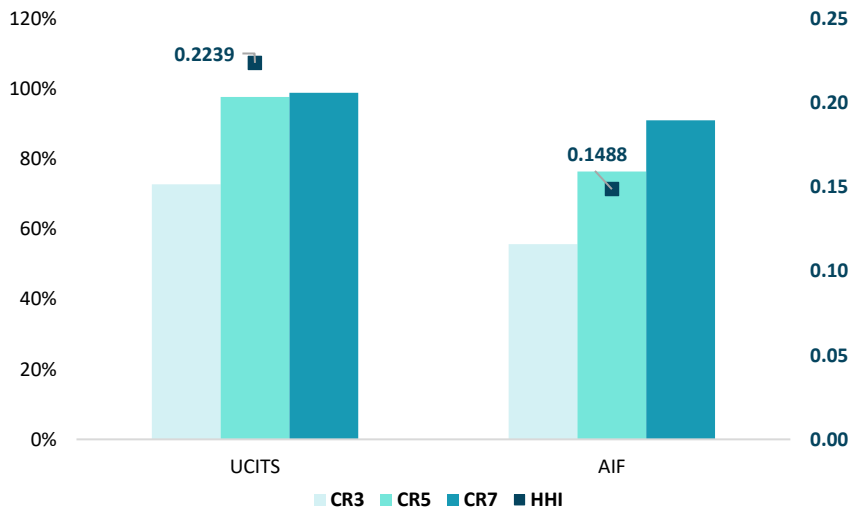
**Concentration risk of non-life insurance undertakings
 (by value of GWP at 30 June 2022)**



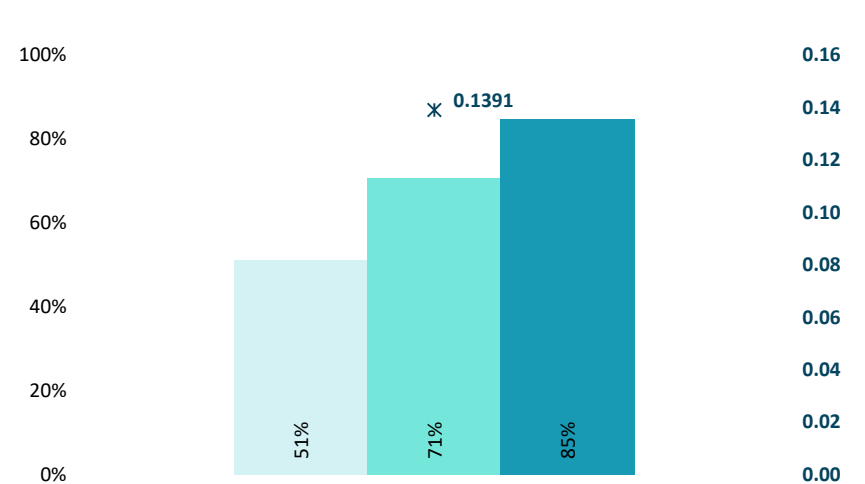
**Concentration risk of life insurance undertakings
 (by value of GWP at 30 June 2022)**



**Concentration risk of investment funds in Romania
 (by net assets – 31 March 2022)**



**Concentration risk of intermediaries on the BSE (by value of transactions
 in August 2022 – Main segment & MTS, all spot instruments)**

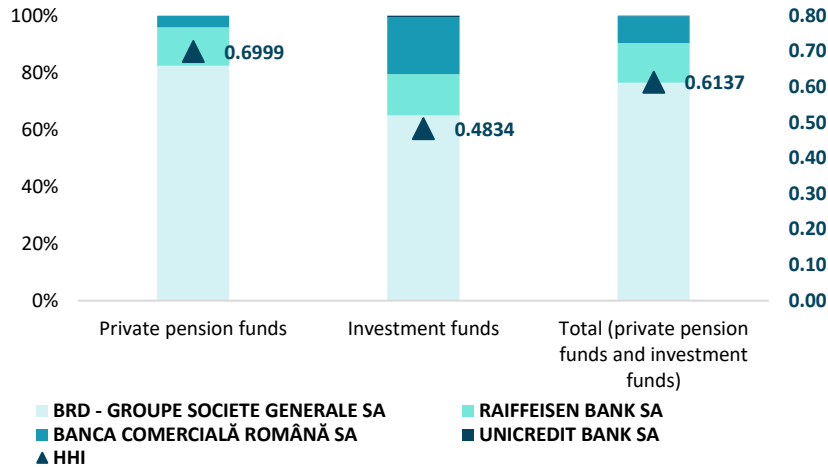


Source: ASF

Source: ASF

Concentration risk

Concentration risk of depositaries of private pension funds and investment funds (by total assets at 03/31/2022)

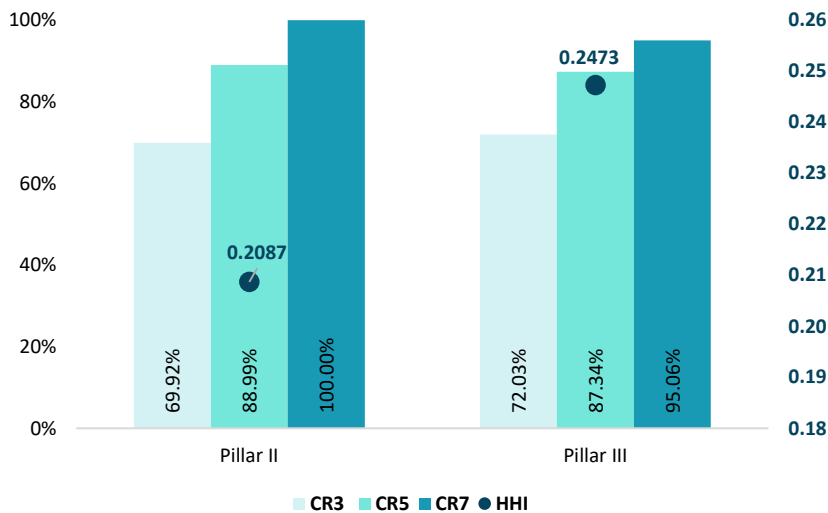


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

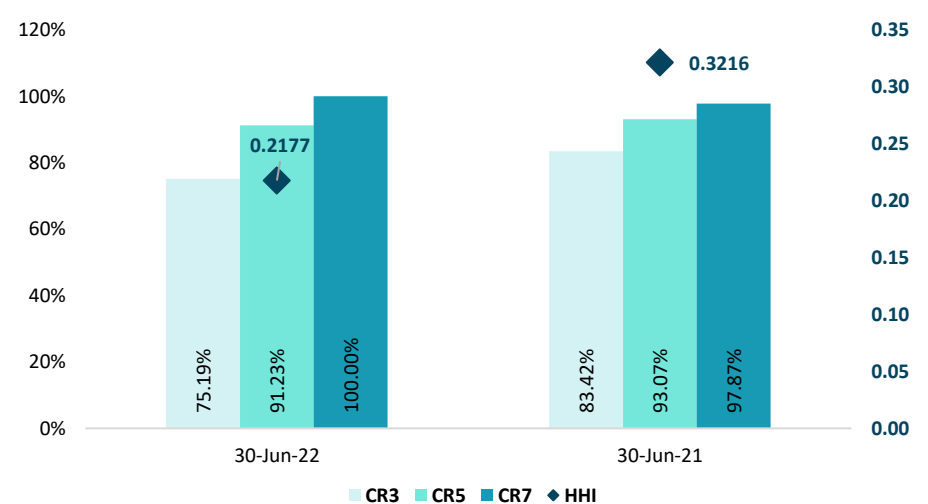
The situation is similar in the case of private pension funds market (Pillar II and Pillar III), but explainable by objective reasons related to their operating mechanism and the current state of the market.

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.

Concentration risk of private pension funds (by total assets at 08/31/2022)

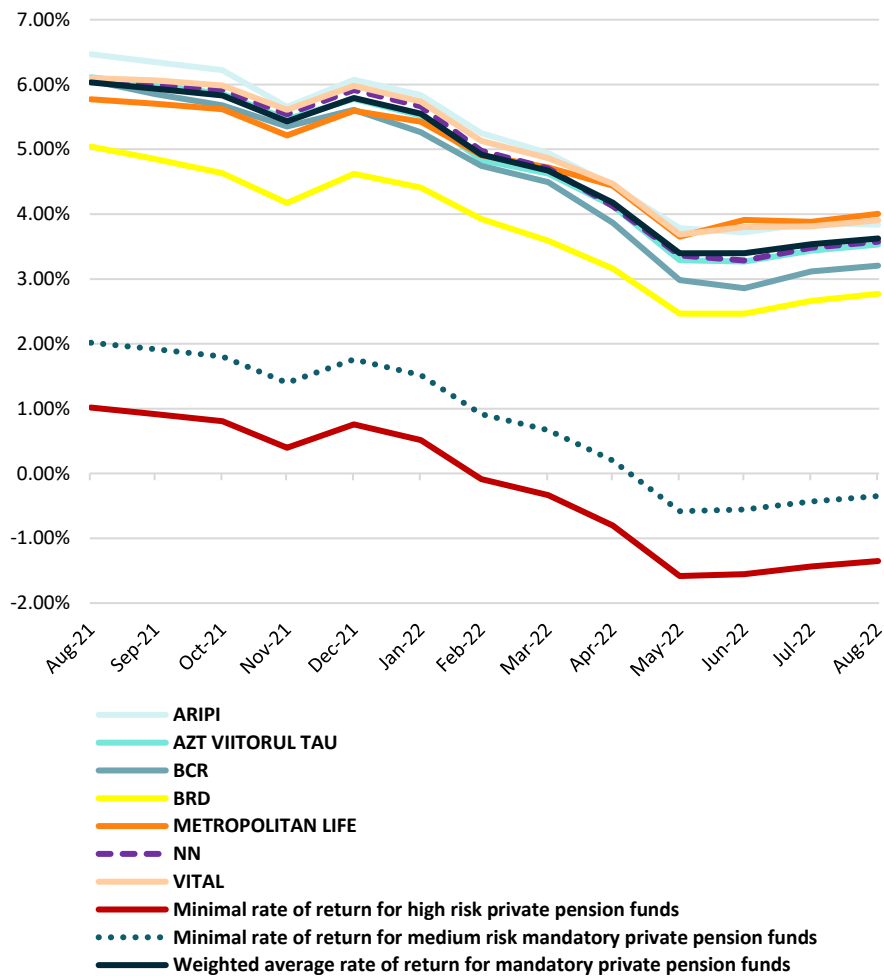


The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 06/30/2022)



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

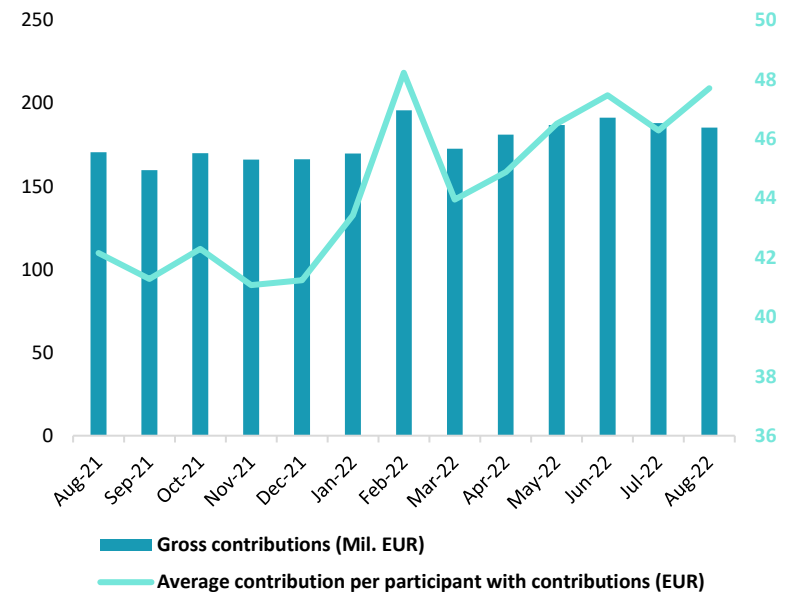
Rate of return for mandatory pension funds



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

Mandatory pension fund	Total Assets Aug. 2022 (EUR)	Participants (persons) Aug. 2022	Rate of return Aug. 2022
ARIPI	1,681,170,044	828,422	3.84%
AZT VIITORUL TAU	4,001,342,990	1,647,340	3.53%
BCR	1,304,625,447	732,372	3.20%
BRD	771,241,361	519,013	2.77%
METROPOLITAN LIFE	2,686,508,546	1,103,525	4.00%
NN	6,490,302,410	2,074,082	3.58%
VITAL	1,913,210,759	993,845	3.90%
Total	18,848,401,557	7,898,599	n/a

Evolution of gross contributions



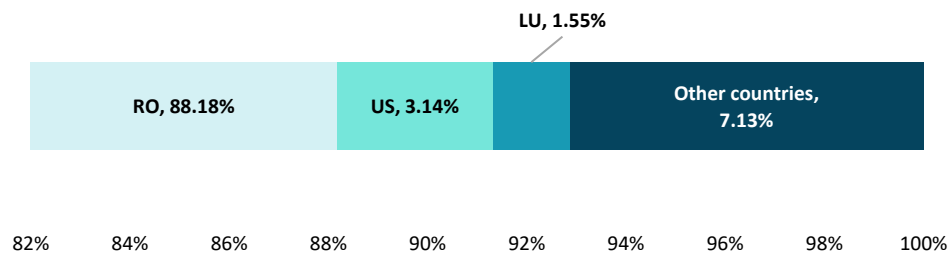
Source: ASF

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

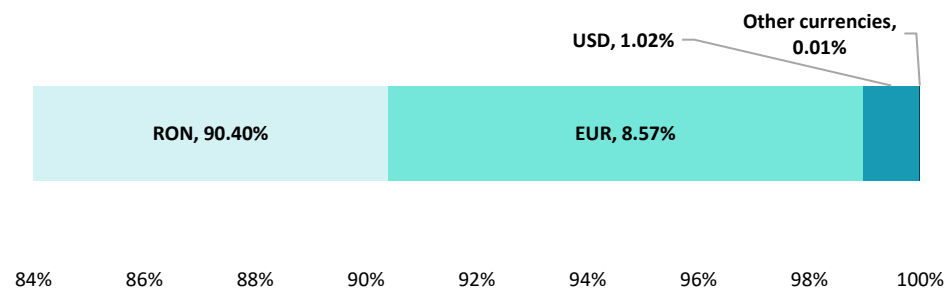
Mandatory pension fund's portfolio at 31 Aug. 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	11,657,356,722	61.85%
Equity	4,303,763,968	22.83%
Corporate bonds	1,550,430,725	8.23%
Investment funds	531,490,919	2.82%
Bank deposits	363,719,088	1.93%
Supranational bonds	326,807,969	1.73%
Other assets	52,260,029	0.28%
Municipal bonds	50,505,542	0.27%
Commodities and precious metals funds	9,145,646	0.05%
Derivatives	2,920,948	0.02%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



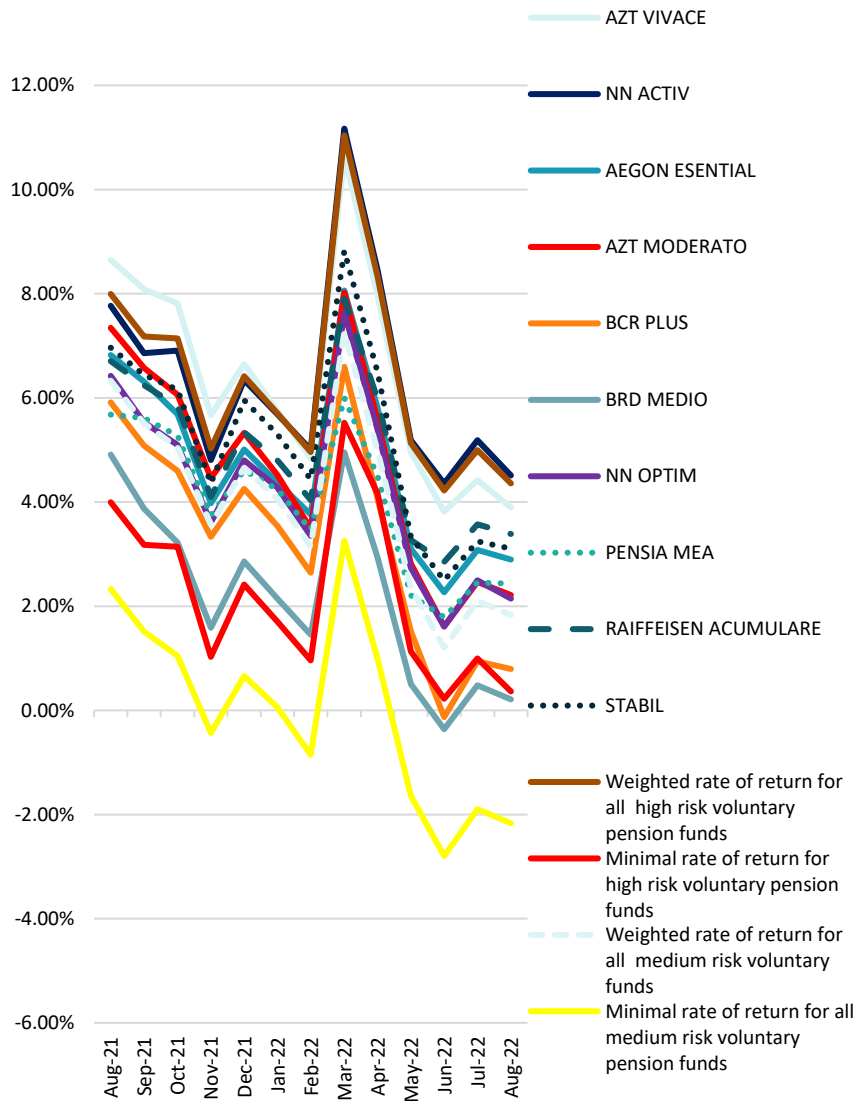
Source: ASF

The value of the total assets of the privately managed pension funds reached EUR 18.85 billion at the end of August 2022, registering an annual rate of growth of 8%, in terms of EUR.

At the end of August 2022, 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)

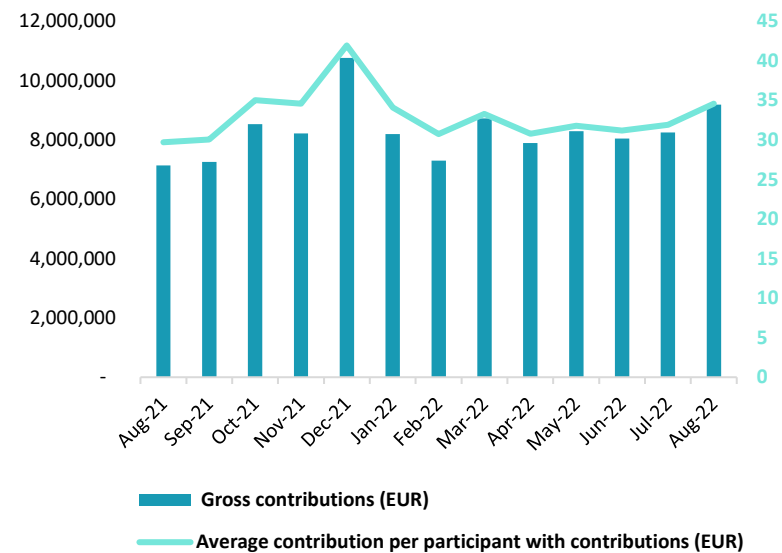
Rate of return for optional pension funds



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

Voluntary pension fund	Total assets (EUR), August 2022	Participants (persons) Aug. 2022	Rate of return Aug. 2022
AEGON ESENTIAL	2,313,215	4,001	2.8981%
AZT MODERATO	72,019,683	47,160	2.2120%
AZT VIVACE	25,861,430	21,366	3.8959%
BCR PLUS	118,800,220	144,209	0.7939%
BRD MEDIO	36,863,186	38,062	0.2133%
GENERALI STABIL	6,943,003	5,546	3.1014%
NN ACTIV	85,432,223	64,313	4.5129%
NN OPTIM	307,979,317	223,560	2.1454%
PENSIA MEA	28,253,902	30,512	2.4374%
RAIFFEISEN ACUMULARE	26,643,063	20,903	3.3878%
Total	711,109,245	599,632	n/a

Evolution of gross contributions

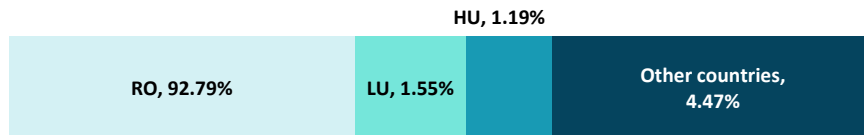


Current evolutions in optional private pension funds (3rd Pillar)

Optional pension fund's portfolio at 31 August 2022 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government Bonds	450,981,970	63.42%
Equity	177,050,386	24.90%
Corporate Bonds	29,844,991	4.20%
Bank Deposits	18,895,178	2.66%
Investment Funds	16,365,001	2.30%
Supranational Bonds	9,264,901	1.30%
Municipal Bonds	4,507,349	0.63%
Other assets	3,109,467	0.44%
Metal funds	834,372	0.12%
Derivatives	255,629	0.04%

Country exposure of optional pension fund's assets



Currency exposure of optional pension fund's assets



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

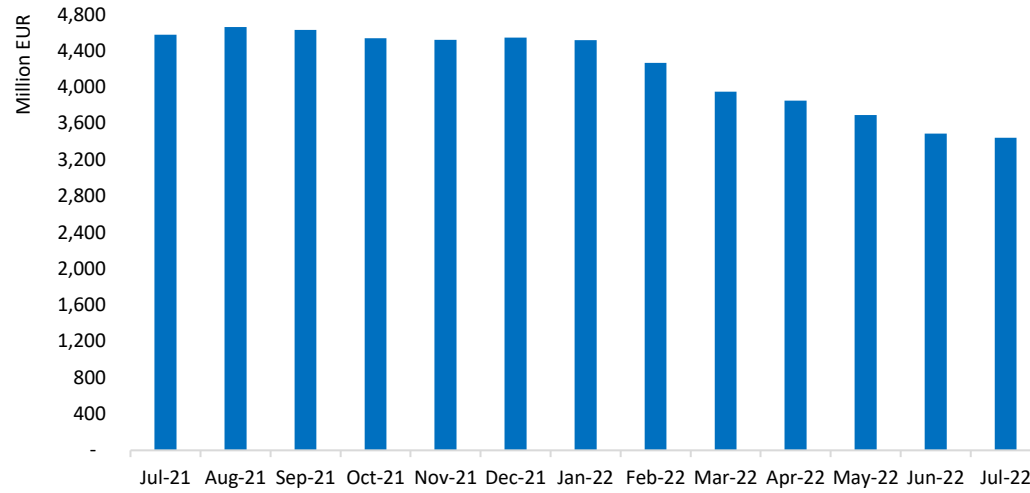
Source: ASF

The value of the total assets of the voluntary pension funds, at the end of August 2022, was EUR 711 million, registering an annual rate of growth of 5%, in terms of RON.

At the end of August 2022, the voluntary pension funds' investments were generally made locally, in a percentage of 93%, a large majority being denominated in lei.

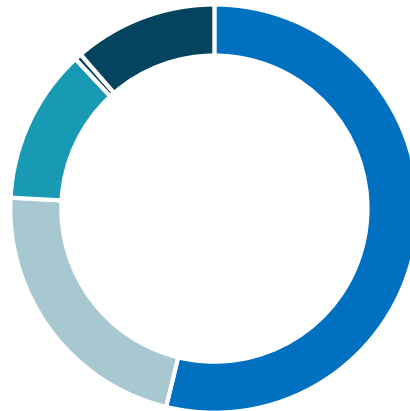
Specific developments in the investment funds sector

**Evolution of net assets of open-end investment funds
 (July 2021 – July 2022)**



According to data published by AAF, net assets of open-end investment funds (OeIF) reached a value of EUR 3.44 billion in July 2022, down by aprox. 1.4% compared to the previous month (EUR 3.49 billion). At the end of July 2022, net assets of local open-end bond and fixed income instruments funds and other funds decreased compared to the previous month.

Open-end investment funds' market share by Fund Type and Net Asset (July 2022)



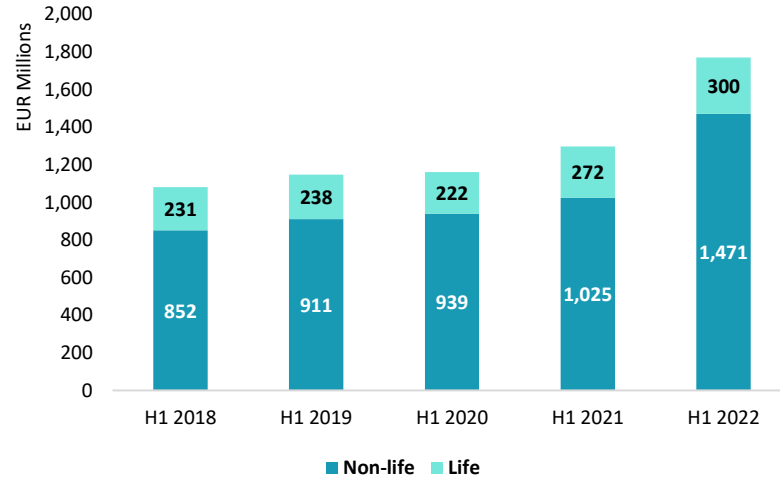
In July 2022, open-end bond and fixed income instruments funds hold the largest share in total net assets of OeIF (around 54%), while the "other funds" category has a market share of approximately 22%.

- Bonds and Fixed Income Instruments
- Other funds
- Multi-Active
- Absolute yield
- Equity

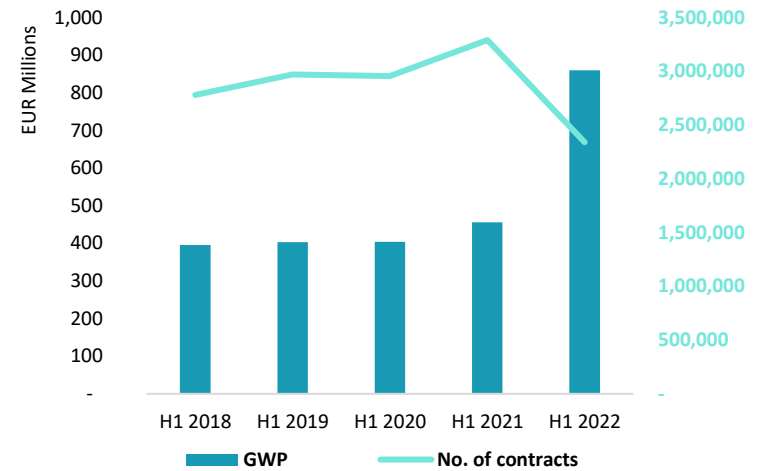
Source: AAF

Specific developments in the insurance market in Romania

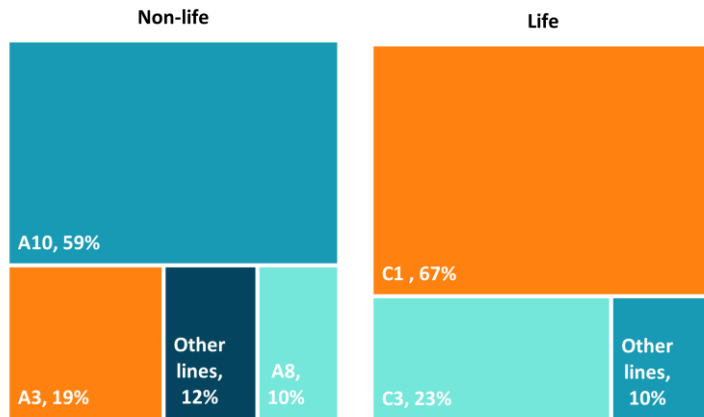
Gross written premiums (total)



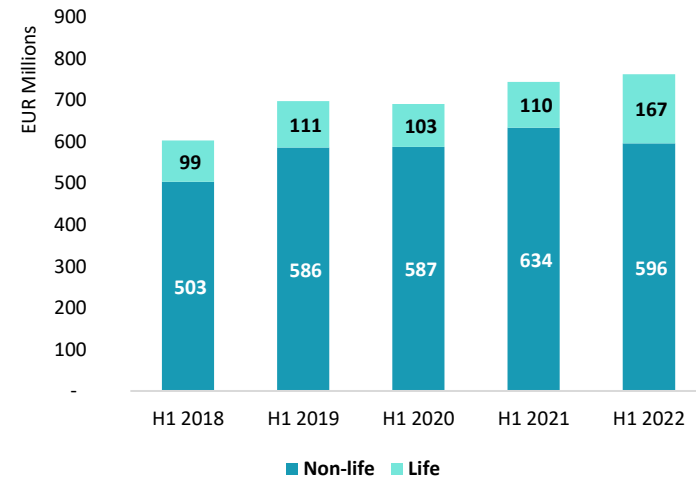
MTPL gross written premiums



Share of main insurance classes by GWP

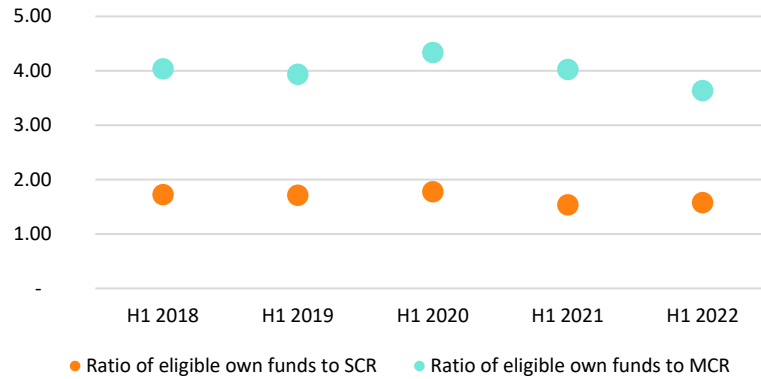


Gross claims paid

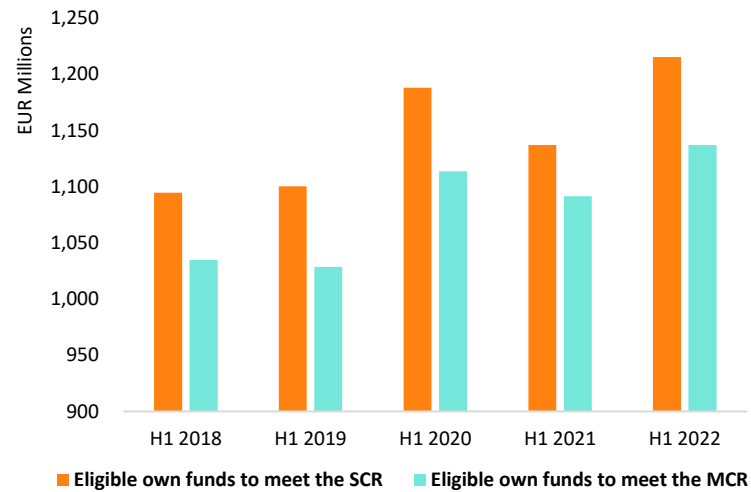


Specific developments in the insurance market in Romania

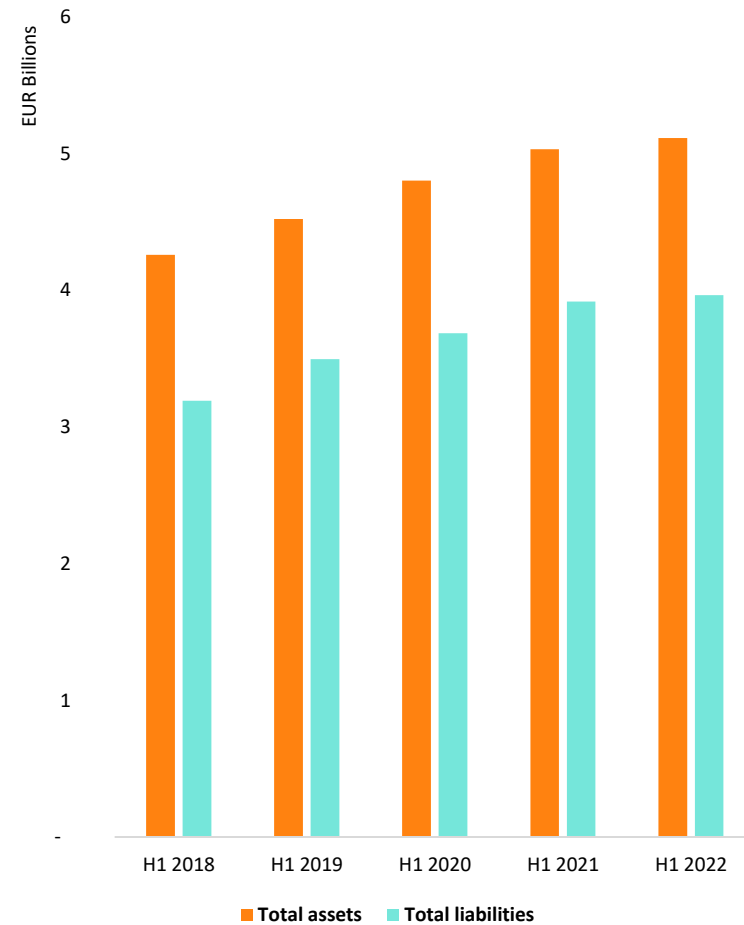
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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



Total assets and total liabilities



Source: ASF

Press releases and publications of European and international financial institutions in August 2022

<p>EUROPEAN UNION</p>	<p>1 August: Social Europe: More transparent and predictable working conditions for workers in EU.</p> <p>8 August: State aid: Commission approves €149 million Romanian scheme under Recovery and Resilience Facility to support renewable hydrogen production.</p> <p>31 August: Common Agricultural Policy 2023-2027: the Commission approves the first CAP strategic plans.</p>
<p>ESMA</p>	<p>1 August: ESMA makes new bond liquidity data available and publishes data for the systematic internaliser calculations.</p> <p>3 August: ESMA publishes latest edition of its newsletter.</p> <p>8 August: ESMA provides comments on first draft of European Sustainability Reporting Standards.</p> <p>10 August: ESMA issues opinion on accepted market practice by Portuguese CMVM.</p> <p>19 August: ESMA proposes improvements to the EU regime of third country benchmarks.</p> <p>24 August: ESMA updates the European Single Electronic Format Reporting Manual.</p>
<p>EIOPA</p>	<p>1 August: EIOPA consults on governance arrangements in third countries.</p> <p>1 August: Risk Dashboard shows overall resilient insurance sector even as macro, market and cyber risks abound.</p> <p>2 August: EIOPA publishes application guidance on how to reflect climate change in ORSA.</p> <p>3 August: Monthly update of the symmetric adjustment of the equity capital charge for Solvency II – end-July 2022.</p> <p>3 August: EIOPA publishes monthly technical information for Solvency II Relevant Risk Free Interest Rate Term Structures – end-July 2022.</p>